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Weekend FT

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The long shadow of Nuremburg
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EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

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Weekend September 8/September 9 1990

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WORLD NEWS

PM sacks Scottish Tory Party chief

Michael Forsyth was sacked as chairman of the Scottish Conservative Party by Margaret Thatcher just 14 months after his appointment following pressure from influential Tories.

However, Mrs Thatcher indicated her support for Mr Forsyth by promoting him to Minister of State at the Scottish Office from parliamentary under-secretary. Mr Forsyth has been at odds with Scottish Secretary Malcolm Rifkind. Page 22; Text of PM's letter, Page 4

North Sea strike threat
Catering workers on North Sea oil rigs voted to strike, intensifying the offshore dispute. Unions warned that their action could cut oil production. Page 22; Application for North Sea field development, Page 4

French driver attacked
A French lorry driver was attacked by three men on a Kent motorway and left with a fractured skull. Police did not rule out a retaliation motive after attacks on British drivers and lambs by French farmers. Page 4

German taxes promise
West Germany's ruling Christian Democrats repeated their promise not to raise taxes to pay for unity when they unveiled their campaign strategy for the all-German elections in December.

Teacher numbers claim
Education Secretary John MacGregor claimed an improvement in teacher recruitment, saying few classes were without teachers at the beginning of the school year. Page 4

Paisley expelled
The Rev Ian Paisley, Democratic Unionist MP for North Antrim, has been expelled from the Apprentice Boys of Derry, a Protestant organisation in Northern Ireland. The move followed a row over a fund set up as a result of the Anglo-Irish agreement.

De Klerk to visit US
South African President F.W. de Klerk will meet President George Bush in Washington on September 24, the first American visit by a South African government leader since apartheid took effect in 1948. Page 2

Campaigners jailed
Two peace campaigners who caused nearly £250,000 damage to an F1-11 nuclear bomber at a US air base in Oxfordshire were each jailed for 15 months.

Stock exchange plan
Poland plans to transform the headquarters of its defunct Communist Party into a business centre and stock exchange.

Back in service
The troubled £10m SeaCat catamaran has resumed cross-Channel service between Portsmouth and Cherbourg but will be withdrawn again in the autumn for more modifications.

AJP Taylor dies
Historian and journalist AJP Taylor died aged 84. He had been suffering from Parkinson's Disease. Obituary, Page 4

Jingoism protest
The BBC has removed conductor Mark Elder from the Last Night of the Proms next weekend after his refusal to play "jingoistic" songs such as Land of Hope and Glory if the Gulf crisis worsened.

BUSINESS SUMMARY

US revives GATT threat over Airbus

The US Administration revived its threat to take the European Community to the General Agreement on Tariffs and Trade if the transatlantic dispute over Airbus subsidies is not resolved by September 30.

An earlier US threat to complain to Gatt in July was withdrawn after the two sides appeared to be making some progress towards an agreement, but yesterday's statement by Mr Michael Farren, the US Commerce Under Secretary for International Trade, intensifies the dispute. Page 22

LONDON'S equity market ended the week on a steady note. In early deals, the market fell 15 points after Chancellor John Major dismissed currency market hints that British entry into the European Monetary System was planned for this weekend. Equities later rallied and the FT-SE 100 Index closed at 2,122.9 with a gain of two points. Page 13

FT-SE 100 Index
Hourly movements

TATE & Lyle, sweeteners group, said it was rejoining the bidding for British Sugar, part of the troubled commodities and property group Berisford International, at the same time as a formal auction of the business got underway. Page 22; Background, Page 8; Lex, Page 22

SAATCHI and Saatchi 6.3 per cent preference shares fell 7p to 16p after the communications company announced that it was unable to pay the relevant dividends due in October. Page 8; Lex, Page 22

WALL Street hopes of an easing in Federal Reserve policy faded after the Department of Labour announced a sharp upward revision of earlier employment figures for the third successive month. Page 2

HEINEKEN, big Dutch beer, soft drinks and spirits group, said that net earnings rose by 17.8 per cent in the first half of 1990, as the good summer boosted beer sales in parts of Europe. Net profit rose to Fl 165.4m (£49m), or Fl 5.15 per share, from Fl 140.4m, or Fl 4.37 per share. Page 10

PORSCHE, West German sports car maker, reported a 20.5 per cent jump in sales to DM3.045bn (£1.02bn) for the financial year ended 31 July. Page 10

GOODMAN International, heavily-indebted meat processing group owned by Mr Larry Goodman, the Irish businessman, is thought to be close to selling its 68 per cent stake in Food Industries, the quoted dairy, grain and malting company. Page 8

MARATHON Oil, subsidiary of USX Corporation of the US, led a group of oil companies in seeking government approval for the development of the North Sea East Brae gas and oil field, 165 miles north-east of Aberdeen. Page 4

Hurd says sanctions against Iraq will be tightened progressively

Commons vote backs Gulf policy

By Philip Stephens, Political Editor

BRITAIN yesterday pledged to tighten progressively the enforcement of sanctions against Iraq following a resounding vote of confidence in its approach to the Gulf crisis by the House of Commons.

The vote came as Mrs Margaret Thatcher urged President Mikhail Gorbachev to maintain his support for efforts to isolate Iraq when he meets President George Bush in Helsinki tomorrow.

Mrs Thatcher gave the US leader a detailed telephone account of this week's emergency debate at Westminister on the Gulf.

Mr Douglas Hurd, the Foreign Secretary, wound up the two-day debate with a stark warning to President Saddam Hussein that there could be no compromise on the demand that he withdraw unconditionally from Kuwait.

The debate left MPs with the clear impression that Britain may well join the US in military action against Iraq to force a withdrawal. A majority, however, believe that the Government would prefer to make a determined effort to secure that objective through sanctions before joining such a strike.

"There may well be war in the end. I think it may be inevitable. But I do not think it is something that we will rush into before other means have been exhausted," said a senior member of the Government.

Other ministers said that while Mrs Thatcher was determined to keep all the options open, she was aware of the political risks a pre-emptive attack on Iraq would involve.

In a powerful speech, applauded by Labour as well as Tory MPs, Mr Hurd set out three key objectives for the international coalition against Iraq.

Those were to ensure it remained isolated, to enforce sanctions rigorously and to persuade President Saddam of the certainty that he would lose.

"We have to build up the pressures on the aggressor until they become intolerable and he has to leave Kuwait," he said.

The Commons registered its approval with an overwhelming vote of 437 against 35 in favour of the policies set out by the Government. Mr Neil Kinnock, the Labour leader, and Mr Paddy Ashdown, the Liberal Democrat leader, voted alongside Mrs Thatcher, while the opposition was confined to left-wing Labour MPs.

Mr Hurd said cutting off financial help for Iraq would be a key element in enforcing sanctions. "He [President Saddam] won't run out of oil but he should run out of money".

The Foreign Secretary also rejected suggestions that food was exempted from the United Nations embargo.

Such supplies might only be allowed through with the explicit approval of the UN if it was judged they were needed on humanitarian grounds.

His comments came as the Department of Trade and Industry warned British companies of the severe penalties which would be imposed on businesses breaking the embargo.

Senior Whitehall officials added that Britain was taking a leading role in an international intelligence gathering operation to identify sanctions busting.

Mr Tom King, the Defence Secretary, said it was too early to give details of the make-up of the reinforcements Britain was sending to the Gulf. The present deployment was costing £1m a day, he said.

Gulf crisis, Pages 2 and 3; US strategy, Page 6; Money Markets, Page 11; London Stocks, Page 13; Wall Street, Pages 18 and 19

Shell and Esso are raising their retail petrol prices by 8.6p and 5p a gallon respectively to match British Petroleum's move on Thursday.

This will bring the price of four star to 230.9p, a rise of more than 23p since Iraq invaded Kuwait on Aug 2.

The rises came as the price of North Sea Brent crude fell 77.5 cents a barrel to $30.25. Yesterday oil companies defended their price policies to the Office of Fair Trading.

Solidarity most summit can offer

By Quentin Peel in Moscow, Lionel Barber in Washington and Robert Graham in London

A DEMONSTRATION of superpower solidarity in efforts to resolve the Gulf crisis is the most that can be expected from this weekend's emergency meeting of the US and Soviet presidents in Helsinki, according to diplomats and officials in Moscow.

As Presidents George Bush and Mikhail Gorbachev made final preparations for their Sunday summit, both sides were playing down excessive expectations. Instead they were stressing their unanimity and the firm purpose showed by the international community in backing the United Nations demand for Iraq's withdrawal from Kuwait.

Mr Gennady Gerasimov, the Soviet Foreign Ministry spokesman, described the Helsinki summit as "a meeting of minds" in which both leaders would look at all possible ways of resolving the crisis peacefully. It is the first time since the Second World War that the two superpowers have met to discuss a regional conflict and sets an important diplomatic precedent.

The joint action was expected to be kept within the diplomatic sphere and Mr Bush was unlikely to seek a more active military role by Moscow, US officials said yesterday.

Mr Bush may raise the issue of Soviet military advisers still inside Iraq, but this will not undermine the united US/Soviet front which has led to sweeping UN sanctions against Baghdad. A senior US official suggested Washington would be content with a joint declaration making clear to President Saddam Hussein that he has no hope in playing off the superpowers.

Mr Gorbachev will advise against heavy-handed tactics which would increase Arab nationalist support for Iraq. He

Continued on Page 22

An Indian refugee at a camp in an Amman suburb displays his lunch yesterday – pitta bread, a tomato and some cheese. He queued for four hours before receiving it

Chancellor dismisses speculation of imminent ERM entry

By Peter Norman and Rachel Johnson

MR JOHN MAJOR, the Chancellor, yesterday made clear that Britain would not take sterling into the exchange rate mechanism (ERM) of the European Monetary System this weekend and ruled out an early cut in interest rates.

In an interview with BBC Radio's Today programme, he warned that it was "probable" that retail price inflation in August, which will be announced next Friday, would exceed 10 per cent as a result of higher oil and fresh food prices.

Mr Major's comment that he would "certainly not" take sterling into the ERM this weekend put an end to frenetic speculation that the move would be announced today after a meeting of European economics and finance ministers in Rome.

His rejection of an early cut in base rates from their current 15 per cent level appeared to stem a sell-off in sterling that began in the Far East early yesterday morning as investors sold pounds for yen and drove the British currency down to DM2.93 against the D-Mark.

"He intervened by rhetoric and stopped the selling pressure intensifying," said Mr Paul Chertkow, currency strategist at Citibank in London.

Sterling moved narrowly in London yesterday, opening higher than in the Far East and closing at DM2.965, down 0.75 pfennigs.

Equities were unmoved, with the FT-SE 100 closing just 2 points higher at 2,122.9.

The Chancellor stressed that the Government had "crossed the Rubicon" and made up its mind to become a full member of the EMS. "As soon as I think there is a window and we have credibly met the conditions that we have set out, then into the mechanism we will go," he said.

He refused to speculate as to when entry might take place, leaving himself plenty of scope

Continued on Page 22
Editorial Comment, Page 6

Scargill and Heathfield face charges over union accounts

By Michael Smith, Labour Correspondent

MR Arthur Scargill and Mr Peter Heathfield, national officials of the NUM mineworkers' union, have been summonsed to face criminal charges alleging that they failed to keep proper accounts.

The charges have been brought by the government-appointed Trade Union Certification Officer. It is the first time such action has been taken against union leaders by the certification office – which acts as an independent watchdog to ensure unions act within the law – since its creation by the Labour Government 16 years ago.

Three charges have been laid against each of the two men and the NUM by Mr Matthew Wake, certification officer, and summonses have been issued by Sheffield magistrates' court. Each of the nine charges carries a maximum penalty of £400. The case is expected to be heard in November.

The Department of Employment said yesterday the charges were "very serious." While it said it would be improper to comment further until the court judgment, it added that the Government would not hesitate to bring forward further legislation "which is necessary to protect and secure union members' rights in relation to the conduct of their union's financial affairs."

The action increases pressure on Mr Scargill, the NUM president, and Mr Heathfield, the secretary. They are already in conflict with the union's executive over the ownership of more than £1m collected by Soviet miners during the 1984-85 pits strike and controlled by the Paris-based International Miners' Organisation.

Mr Scargill, Mr Heathfield and a four-man delegation appointed by the NUM are due to meet with the IMO in Paris on Monday in an attempt to resolve the dispute.

In addition, fraud squad detectives are carrying out an investigation after complaints by Soviet miners over the fate of the money. Detectives interviewed four Soviet miners in London on Thursday.

The Sheffield charges are being brought under section 12 of the Trade Union and Labour Relations Act of 1974.

Those against the union relate to allegedly neglecting to keep proper accounting records and neglecting to maintain a satisfactory system of control of accounting records.

They also allege the union neglected to send to the Certification Officer a "true and fair balance sheet."

The three charges against Mr Heathfield relate to his responsibility as an officer of the NUM to discharge his duty in relationship to the accounts.

Two charges against Mr Scargill allege he wilfully neglected to perform the union's duty to keep proper accounting records and that he aided and abetted Mr Heathfield to wilfully neglect to keep proper accounting records. The third alleges he aided and abetted Mr Heathfield to neglect to maintain a satisfactory system of accounting records.

MARKETS

STERLING
New York lunchtime:
$1.892
London:
$1.8945 (1.9085)
DM2.965 (2.9725)
FFr9.9375 (9.9575)
SFr2.47 (2.48)
Y265.25 (269.0)
£ index 94.4 (94.8)

GOLD
New York: Comex Dec
$395.2
London:
$387 (389.75)

N SEA OIL (Argus)
Brent 15-day Oct
$30.25 (31.025)

DOLLAR
New York lunchtime:
DM1.5685
FFr5.255
SFr1.3055
Y140.05
London:
DM1.5655 (1.557)
FFr5.245 (5.2175)
SFr1.3035 (1.289)
Y140.05 (141.0)
$ index 63.1 (63.0)
Tokyo close: Y140.25

US LUNCHTIME RATES
Fed Funds $8\frac{1}{16}$%
3-mo Treasury Bills:
yield: 7.623%
Long Bond:
$98\frac{5}{16}$
yield: 8.905%

STOCK INDICES
FT-SE 100:
2,122.9 (+2.0)
FT Ordinary:
1,638.5 (−1.4)
FT-A All-Share:
1,031.07 (+0.01%)
New York lunchtime:
DJ Ind. Av.
2,618.81 (+22.52)
S&P Comp
323.77 (+3.31)
Tokyo: Nikkei
23,962.07 (+150.16)

LONDON MONEY
3-mth interbank:
close $14\frac{15}{16}$-$14\frac{7}{8}$%
($14\frac{23}{32}$-$14\frac{21}{32}$)
Liffe long gilt future:
$82\frac{1}{2}$% ($83\frac{1}{32}$)

Chief price changes yesterday: Page 22

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INTERNATIONAL NEWS

Canadian businessmen unnerved by NDP victory

By Bernard Simon in Toronto

RIPPLES of nervousness swept through the Canadian business community and financial markets yesterday, in reaction to the surprise victory of the left-leaning New Democratic Party in provincial elections in Ontario, the country's industrial heartland.

The Canadian dollar lost almost one US cent in early trading, and prices on the Toronto stock exchange fell sharply under the twin shocks of the NDP win and a steep rise in the national unemployment rate to 8.3 per cent, the highest level in almost three years. Shares of banks and real estate developers, which could be hard hit under NDP policies, were particularly badly hit. The Canadian dollar recovered slightly in later trading.

Business leaders warned that the NDP's policies, if implemented, would significantly harm investor confidence in the province, which accounts for 40 per cent of Canada's GDP. The party made election promises to ignore the US-Canada free trade agreement, impose a minimum corporate tax, sharply raise minimum wages, and give the government a more active role in the provincial economy.

The NDP's resounding victory, in which it captured 74 of the 130 seats in the Ontario legislature, will go down as one of the great upsets of Canadian political history. It also confirms the heightened volatility of Canadian politics, since tensions between Quebec and the English-speaking provinces were raised by the collapse last June of the Meech Lake constitutional package.

Until he called the election, two years before the expiry of his mandate, the outgoing Liberal premier Mr David Peterson was regarded as one of Canada's most popular and powerful politicians. As the campaign progressed however, an underlying mood of discontent and frustration emerged.

Mr Peterson appears to have become the lightning rod for disgruntlement on issues as diverse as high taxes, a slowing economy and the acrimonious debate on Quebec's future role in the federation.

In a stunning reversal, Mr Peterson lost his seat to the director of a women's shelter, and announced that he would step down as party leader. The Liberals' representation in the provincial legislature has plunged from 93 to 36 seats.

Business concern is tempered by predictions that the NDP will find it difficult to execute its policies as the province heads towards a recession. There is also a widespread feeling that the election result is more a protest against the Liberals, than a ringing endorsement of the NDP platform.

The new premier is Mr Bob Rae, 42, a personable lawyer and Rhodes Scholar. The NDP, smallest of Canada's three main parties, has previously formed provincial governments in Saskatchewan, Manitoba and British Columbia.

Eduard Shevardnadze was all smiles yesterday as he faced the press in Tokyo

Moscow and Tokyo hail new era ahead of Gorbachev's Japan visit

By Robert Thomson in Tokyo

THE Soviet Union and Japan yesterday hailed a "new era" in their long-troubled relationship as Mr Eduard Shevardnadze, the Soviet Foreign Minister, invited Emperor Akihito to visit Moscow, and paved the way for a Tokyo visit next April by President Mikhail Gorbachev.

Mr Shevardnadze has made a strong impression on the Japanese, and has partly succeeded in easing traditional suspicions of Moscow's intentions in the Far East. However, he did not reach agreement on the most sensitive bilateral issue, the disputed Kuril Islands.

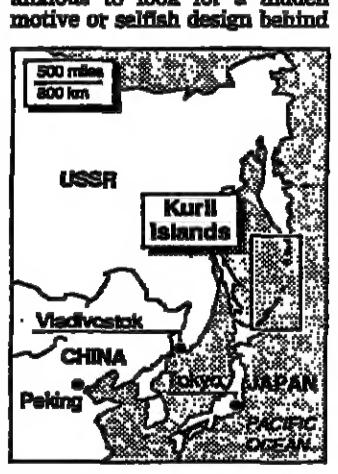
Before leaving yesterday, Mr Shevardnadze made clear that Moscow is prepared to negotiate on the four Soviet-held islands, and pointed to the long but successful negotiations between Peking and Moscow over their disputed border as a model for a settlement.

He said he agreed with the statement by Mr Taro Nakayama, the Japanese Foreign Minister, that "we have come to the end of a very long tunnel."

The foreign ministers said that a post-war peace treaty between the two countries, which must include an agreement on the islands, would be encouraged by Mr Gorbachev's visit.

However Mr Shevardnadze expressed concern about a lingering mistrust of Moscow's motives, and that some Japanese "appear to grow apprehensive" when the Soviet Union raised Asian-Pacific issues.

He said: "I have the impression that some people seem anxious to look for a hidden motive or selfish design behind our every word that would run counter to Japan's interests. Take my advice, you shouldn't search for a 'double bottom' in the Soviet approach to regional problems."



By inviting Emperor Akihito to visit the Soviet Union, Mr Shevardnadze hopes to encourage ordinary Japanese to review their opinion of Moscow. Yesterday's audience at the Imperial Palace was the first of its kind since Mr Andrei Gromyko, the then foreign minister, met Emperor Hirohito in 1976.

Japanese officials are satisfied that the Soviet recognition of the need to negotiate the islands' ownership is the first step to their return to Japanese control, and a reasonable basis for a visit by Mr Gorbachev.

The two sides have meanwhile lifted restrictions on the bilateral flow of publications and agreed to co-operate on thermonuclear fusion energy and on identifying the remains of Japanese prisoners of war who died on Soviet territory.

They also issued a joint statement demanding that Iraq withdraw its troops from Kuwait.

Chinese PM relieved of crucial post

LI PENG, the Chinese Prime Minister and focus of many of last year's pro-democracy protests, was yesterday relieved of a key post overseeing the stalled economic reform programme, official reports said, AP reports from Peking.

Li was at the forefront of the conservative crackdown on the 1989 student-led democracy movement. Since then, persistent rumours have circulated that he would be dismissed as premier to appease public outrage. However, he has denied being in political danger.

State-run radio and television said the standing committee of the National People's Congress, China's legislative body, appointed 61-year old Chen Jinhua, president of China National Petroleum, to replace Li as Minister of the State Commission for Restructuring the Economy. Li took charge of the commission in 1988, the same year he became Prime Minister.

The commission sets economic policy for the nation. The official China News Service said Li asked to step down in order to concentrate on his duties as premier.

However, his dismissal could be linked to China's recent economic problems. These included inflation that peaked in late 1988 at nearly 40 per cent. Li has been a leading promoter of a strict austerity programme that has reduced inflation, but has also brought China to the brink of recession.

Under the programme, experiments with market-oriented reforms were halted and the central Government reclaimed much economic decision-making power that had been decentralised.

Mayor of Moscow backs calls for Ryzhkov to resign

By Quentin Peel in Moscow

THE radical mayor of Moscow, Mr Gavriil Popov, yesterday set the nation's capital at loggerheads with the Soviet Government by refusing to freeze the price of cigarettes and backing calls for the resignation of the Prime Minister, Mr Nikolai Ryzhkov.

He appealed for the Russian parliament to support the campaign for Mr Ryzhkov to quit, seeking to step up the pressure on President Mikhail Gorbachev to opt for more radical economic reforms than his present Government is prepared to support.

As queues for bread and cigarettes lengthened in the city streets, Mr Popov insisted that free prices for cigarettes helped cure the chronic shortages and undermine a rampant black market trade.

His move provided another dramatic indication of the steady disintegration of a centrally-controlled Soviet economy and the inability of the central Government to enforce its will.

It came as the battle for the soul of the Soviet economic reform programme raged on, with Mr Gorbachev summoning Professor Abel Aganbegyan, his former leading economic adviser, to suggest how to reconcile the plans of the radicals and those of the Government.

Both Mr Boris Yeltsin, president of the Russian federation, on the one side, and Dr Leonid Abalkin, the deputy Prime Minister in charge of economic reform, on the other, have said such a compromise is impossible.

The Government's plans seek to manage the process of introducing a market economy through the existing planning system. The alternative draft, prepared by a committee of 13 chaired by Professor Stanislav Shatalin, suggests a far more radical switch to market mechanisms, with sweeping privatisation of the economy, and substantial devolution of authority to the individual republics.

Mr Gorbachev is supposed to present the compromise next week. He has already said he is leaning towards the Shatalin document, but he is resisting demands to reject the government version and sack his old ally Mr Ryzhkov.

Conservative members of the new Russian Communist Party have now publicly demanded that the Soviet leader state his attitude towards the Shatalin plan, which they see as "anti-communist." They point out that two of its leading authors – Professor Shatalin and Professor Nikolai Petrakov – are now Mr Gorbachev's closest personal economic advisers.

Opposition leaders arrested in Burma

By Our Foreign Staff

Burmese military authorities have arrested two opposition leaders, accusing them of passing sensitive information to unauthorised recipients.

Kyi Maung and Chit Khaing, , ex-army colonels in their early 70s, are leaders of the National League for Democracy. They had been acting for ex-army general Tin U, the NLD president serving a three-year sentence in prison, and Aung San Suu Kyi, party general secretary, who has been under house arrest since last July.

The NLD won a landslide victory in multi-party elections in May, but the military junta has refused to hand over power.

Irish inflation rate

Ireland's inflation rate will fall this year and the economy will go on expanding in spite of the Gulf crisis, the Central Bank said yesterday, Reuter reports from Dublin.

The bank forecast that Ireland's GNP would increase by 3.75 per cent in 1990, assuming that oil prices average $25 per barrel for the rest of the year. The rise was 4.5 per cent last year. It also forecast a 1990 inflation rate of 3.25 per cent compared with 4 per cent last year.

Hun Sen pledge

Hun Sen, the Cambodian Prime Minister, arrived in Jakarta for peace talks yesterday and stressed his commitment to a Supreme National Council which would replace his Government and govern Cambodia in the run-up to general elections, write Claire Bolderson in Jakarta and Robert Thomson in Tokyo.

South African leader in breakthrough US visit

By Lionel Barber in Washington

President F.W. de Klerk will visit Washington to meet President George Bush on September 24, the White House announced yesterday.

The visit will be the first by a South African head of state to the US in the post-war period, a significant gesture of Administration support for Mr de Klerk's reforms and his dismantling of the apartheid system.

The proposed visit follows last June's meeting at the White House between Mr Bush and Mr Nelson Mandela, the African National Congress leader on his 12-day US tour. A separate invitation was issued at the time to Mr de Klerk, but he postponed his trip after threats of disruption by anti-apartheid activists.

Mr Bush has held out the prospect of recommending lifting some or all of the sanctions imposed against South Africa under the 1986 Anti-Apartheid Act. The pace of Mr de Klerk's reform effort means Mr Bush will shortly have to decide whether to confront Congress on the sanctions question.

Another option is to throw US support behind a South African application for an International Monetary Fund loan, though this would also face Congressional opposition.

Hopes of easier Fed policy fade

By Anthony Harris in Washington

WALL STREET hopes of an easing in Federal Reserve policy faded yesterday after the Department of Labour announced a sharp upward revision of earlier employment figures for the third successive month.

The Department announced a 75,000 drop in payroll employment in August, but revised the July figure up by 130,000, leaving the actual situation clouded in uncertainty.

Bond prices fell half a point on the announcement, and this in itself may inhibit any Fed move. Its slight easing in July, when rates were allowed to fall by 25 basis points, started a slide in bonds and in the dollar, and normally the Fed is only prepared to give a firm lead to the market when the news is unambiguous.

Bonds picked up later yesterday on hopes of a budget deal.

A move by the Fed might also cause trouble at the meetings of the Group of Seven, and of the OECD's Working Party Three, a panel of senior officials, to be held in Paris next week. The US is under pressure from some of its trading partners – and from some Fed governors – to abandon its policy of benign neglect of the exchange rate, and act to stabilise the currency.

The Gulf crisis is also inhibiting any action, since the markets look to the Fed to keep policy tight enough to prevent higher oil prices triggering an increase in the core inflation rate, and especially in wages.

The August figures are officially regarded as weak. Dr Janet Norwood, the Commissioner for labour statistics, pointed out in her statement to Congress that the new figures show "the first signs of trouble in two key unemployment indicators: both the number of recently unemployed persons (those jobless for less than five weeks) and the number of unemployed job losers rose this past month."

While the 75,000 drop in payroll employment was largely due to the laying off of temporary census employees, the figures also show weakness in industrial employment.

Bonn to push for Eurofed in Frankfurt

By David Marsh in Bonn and David Buchan and John Wyles in Rome

West Germany is expected to step up its insistence that the proposed independent European central bank be set up in Frankfurt when European Community finance ministers and central bank governors meet in Rome today.

A senior official from the Bonn Chancellor's Office said yesterday that Frankfurt had to be the site of the central bank to cement European Monetary Union as a "community of currency stability."

The Germans believe that establishing the central bank, or Eurofed, in Frankfurt is a crucial condition for winning political acceptance for Emu from the German electorate.

"People will complain that we are bringing in a European currency and our central bank is marching off," the Chancellery official said.

Mr Karl Otto Pöhl, president of the Bundesbank, is due to present the meeting with an interim report of deliberations of European central bank governors on the statutes of a future European central bank system.

Because of the political delicacy of the matter, however, his report will make no specific mention of where the central bank should be sited.

Both Mr Pöhl and Mr Theo Waigel, the West German Finance Minister, have this week expressed strong doubts whether European governments have the will to give up national monetary policy sovereignty and form a genuinely independent European central bank.

The Bonn Foreign Ministry, however, continues to be much more optimistic than the Bundesbank that agreement on the central bank can be reached relatively quickly with the other EC members.

The meeting is also likely to see an endorsement by Britain's 11 EC partners of the final goal of European monetary union, while still leaving a decision on timing and the tricky task of winning UK government support for the coming weeks.

The gathering, in a Renaissance palace overlooking the Italian capital, is informal in the sense that no concrete decisions are expected, but it is the only in-depth discussion on Emu billed before negotiations on an economic union treaty start in December.

However, various factors now make it less likely that Italy, current president of the European Council of Ministers and a long-time Emu proponent, will attempt a "rush job" in preparing monetary union this autumn.

All of Britain's EC partners seem as fixed as ever on the final goal of Emu, and are expected to give a fair wind to the draft statutes of the Eurofed.

However still-unsettled arguments among the 11 about the length and content of a transition period from the present European Monetary System of linked exchange rates to a Eurofed-run single currency have been complicated by the economic fall-out from the Gulf crisis and by the UK Government's plan to promote the switching of national currencies into a hard Ecu.

Mr John Major, the UK Chancellor of the Exchequer, comes to Rome claiming EC support for the hard Ecu is spreading, especially after this week's Spanish compromise initiative to use elements of the British plan as a stepping-stone to Emu.

British suggestions of a European Monetary Fund that would manage the Ecu could fill the gap between the present stage one of Emu, to which all member states are committed, and the goal supported by the 11 of a single European central bank and currency.

At the same time, the Gulf crisis and the differing impact that higher oil prices will have on EC states has underlined the need for greater convergence among EC economies as they progress towards Emu.

Thus, it is not only Mr Major who is playing for time in trying to bring Mrs Margaret Thatcher, the Prime Minister, around to a compromise version of Emu. His partners have reason to move cautiously and to leave the vexed questions of Emu timing and economic convergence for the December negotiations, rather than trying to sew them up in advance this autumn.

Of today's meeting, a senior Community official said: "I will be quite satisfied if nothing negative comes out of this weekend."

US to sell $4.7bn of jets to Seoul

By Alan Friedman in Washington

THE US has agreed to sell $4.7bn worth of fighter jets and engines to South Korea.

The announcement was made as Mr Nicholas Brady, the US Treasury Secretary, ended a meeting with Mr Roh Tae-woo, the South Korean president, during which the US solicited cash to support the US deployment in the Gulf.

The deal calls for Seoul to buy and co-produce 120 McDonnell Douglas FA-18 jets. The FA-18 is used as a frontline fighter and attack jet.

The Pentagon said the deal would be worth at least $3.2bn to McDonnell Douglas, with about $500m going to General Electric for 24 F-404 spare engines and other equipment. Other items bring the total value to $4.7bn.

The deal will go through unless Congress objects within 30 days. US officials say they have received assurances that sensitive military technology will be protected. There have been fears in Congress that South Korea might use the advanced technology to develop its own aircraft industry.

GULF CRISIS

India pleads for global effort to free foreigners trapped in Kuwait

By David Housego in New Delhi

INDIA yesterday yesterday called for an urgent international relief effort to aid its citizens and others trapped in Iraq and Kuwait.

The call came as India succeeded in evacuating 700 exhausted Indian citizens and a family of British stowaways from Kuwait City to Dubai by ship.

However, attempts to send a second ship to pick up some of the 140,000 remaining Indians has run into trouble.

Mr Inder Kumar Gujral, the Foreign Minister, confirmed that Iraq was refusing to let India send further ships or aircraft until it sent food. Iraq has refused to allow the second ship to dock in Kuwait reportedly because it is not carrying food or medicines.

Western nations enforcing UN sanctions against Iraq have refused to grant safe passage for a ship to take food to Kuwait. Mr Gujral said it was a matter of deep concern, when "we were categorically told not to proceed with the shipment."

He did not say which countries had told India the ship would be stopped.

Diplomats said the US and other western countries had told India food problems in Kuwait and Iraq had not reached the stage when they could be considered a humanitarian issue. The UN resolution on sanctions permits the sending of food on humanitarian grounds.

Mr Gujral told parliament food shortages in occupied Kuwait were serious and what was required was "a concerted international effort, without further delay, for solving the humanitarian problem."

Gujral said Iraq had told India and other Asian nations with sizeable populations in the Gulf that it would not be able to supply food to foreigners.

Gujral said he sent a message on Thursday to the five permanent Security Council members – Britain, China, France, the Soviet Union and the US – telling them the situation was serious and asking for a council decision to send food.

Western suspicion of Indian intentions has been fuelled by India's refusal to make an outright condemnation of the Indian invasion of Iraq. A Foreign Ministry spokesman went no further yesterday than saying that India had never condoned aggression and did not recognise the annexation of Kuwait.

He accused the west of applying double standards in the implementation of sanctions. He said it was "odd and discriminatory" that western subjects were leaving Baghdad on Iraqi Airways flights in violation of sanctions, while India was not allowed to send food and medicines to its own nationals.

The spokesman said India was also seeking economic assistance through the UN to offset the $3bn a year cost to the balance of payments of the Gulf crisis.

So far about 20,000 Indians have reached home, the great majority after an arduous trek from Kuwait to Jordan. About 16,000 more were in squalid camps on the Iraq-Jordan border, and 5,000 in Amman.

Iraq may gain from US exports to Brazil

By Alan Friedman in Washington

THE US has approved the export to Brazil of specially treated rocket casings that could help Iraq to develop its long-range ballistic missile project.

The approval by the State Department – which has been confirmed by the Brazilian Embassy in Washington – marks a significant reversal of US policy on missile proliferation. Brazil and Iraq have close, long-standing trading ties covering missile and other military technology.

The lifting of an earlier ban on the Brazilian deal means the US will be exporting sensitive equipment that is supposed to be restricted by the seven-nation Missile Technology Control Regime (MTCR), the 1987 accord that was designed to stem the flow of such technology to the Third World.

The material to be shipped includes seven steel casings which would form the outer shells of a three-stage rocket Brazil hopes to launch in the next three years. Until now the US had refused to sell or allow the special heat treatment of such components, because of Brazil's past co-operation with Iraq.

Brazil claims its rocket project is for civilian purposes, but US missile experts say they expect the technology to be passed on to Iraq for use at its Saad 16 desert missile and chemical weapons research complex near Baghdad.

Mr Gary Milhollin, a Washington-based missile expert, said yesterday that the shipment of rocket casings that have been specially heat-treated by a Chicago company would help Brazil to acquire crucial expertise in staging and solid rocket fuel technologies. "Brazil will pass on this technology to Iraq."

The State Department approval, coming just weeks after the casings had been impounded by US Customs officials because of their sensitivity, is all the more striking since the Bush Administration last year protested against a proposed French sale of rocket launching technology to Brazil on the grounds that it was prohibited under the MTCR agreement.

● The state prosecutor's office in Munich said yesterday it was opening an inquiry into helicopter exports to Iraq by MBB, the aerospace and defence group now part of Daimler-Benz, which may have been in breach of West German laws on arms exports, writes David Goodhart in Bonn.

MBB said: "We have nothing to hide." It had exported 60 helicopters to Iraq since 1978 for VIP flights and use by life-saving organisations. It had no knowledge of their conversion into military helicopters or their use in poison gas operations against Kurds.

Drop in the number of refugees to Jordan

By Lamis Andoni in Amman

THE NUMBER of refugees crossing from Iraq to Jordan has reportedly dropped in the past two days because of improved co-ordination between the Iraqi and Jordanian governments.

Less than 2,000 people are crossing each day, compared to an average of 10,000 a day over the last four weeks, according to Jordanian officials.

Earlier Jordan felt obliged to limit the number entering the country, because of a mounting backlog of those awaiting repatriation. More than 105,000 people, mainly Asian workers, are in camps, still waiting for airlifts to their home countries.

Over 607,000 people have crossed to Jordan since August 7 and officials expect the number to exceed the 1.5m evacuees from Iraq and Kuwait. Crown Prince Hassan has warned that his country would find it difficult to accommodate the migrants unless the international community helped. The flood of refugees has already cost Jordan $40m.

Prince Hassan has maintained that there has been an element of negligence by the west, with the focus on their nationals held in Baghdad.

In Amman yesterday, Mr Bernard Kouchner, French Minister for Humanitarian Affairs, conceded that the international community had moved late to help those who had fled to Jordan. Mr Kouchner said the term refugees was inaccurate. They were migrants on their way home.

The international relief effort yesterday seemed to be picking up, however, as countries increased their contributions. Mr Kouchner said that France was sending an aircraft to make shuttle trips to Dacca, flying home some 19,000 Benghalis. France would also send two Boeing 747 aircraft to Jordan for an indefinite period to help in the airlifting operations.

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Financial help for US military effort ruled out

EC plans aid for frontline countries

By David Buchan and John Wyles in Rome

THE 12 European Community states yesterday pledged a multi-billion dollar aid package to Jordan, Egypt and Turkey and said they would study a possible air blockade of Iraq.

But they clearly ruled out giving EC financial assistance to the US military effort in the Gulf, arguing that helping to prop up frontline states most affected by refugee problems and the cut-off in trade with Iraq would be the most effective way Europe could share the sanctions burden with the US.

On the basis of "no taxation without representation", Mr Gianni De Michelis, Foreign Minister of Italy, which holds the EC presidency, said the US could not expect other countries to contribute to its military costs. "But we will making a substantial contribution to meeting the costs of the effects of the embargo," he said.

The EC foreign ministers' agreement to study an air blockade appeared to reflect their growing concern that the current naval blockade might not prevent key supplies reaching Iraq. Asked if such a move might increase the danger of war, Mr De Michelis said the ministers were "not unaware" of these dangers, "but it is our conviction that a strict embargo is the only alternative to a real military clash."

He made it clear the European view that no such air blockade should be mounted without the blessing of a United Nations resolution. Mr William Waldegrave, UK Foreign Office Minister of State, warned his EC counterparts of the serious risks involved. "You can't just board an aircraft in mid-flight, and turn it back," he said.

Ministers' discussions of an emergency aid programme were based on a European Commission analysis that the overall damage to Jordan, Egypt and Turkey of supporting the UN embargo will be close to $9bn (£4.61bn) by the end of next year. They agreed that Gulf oil producers should shoulder two-thirds of this cost, leaving Community countries to find about $2bn, with the rest being covered by other European countries and Japan.

The exact shape and size of the EC contribution, designed to meet balance of payments difficulties, will be refined by EC finance ministers meeting in Rome today.

Only part of these funds will come from the EC budget, with the rest to be funded by national treasuries. Britain made it clear that it expects to give less because of its greater military role in enforcing the embargo. The Soviet request for a joint declaration on the Gulf crisis with the EC met a broad welcome, and will be discussed when Mr De Michelis goes to Moscow at the end of next week.

At the same time, the EC is launching a diplomatic fence-mending initiative designed to complete the international isolation of Iraq. EC foreign ministers are not only to meet ministers of the Arab League and of the Non-Aligned Movement shortly, but will also revive efforts to repair relations with Syria and Iran.

Secretary of State James Baker meets US airmen at an air base in Saudi Arabia yesterday

NEWS IN BRIEF

Americans fly out of Baghdad for Amman

AN Iraqi airliner carrying more than 160 Americans, mostly women and children, left Baghdad for the Jordanian capital Amman yesterday afternoon, Reuter reports from Baghdad.

US embassy sources said the aircraft, a US-chartered Boeing 707, carried 159 Americans who had been brought from Kuwait earlier yesterday and six who had boarded in Baghdad. The airlift was to be repeated today.

One US embassy source said: "They are almost entirely women and children but there are a few men, who are Arab-Americans, among them."

UN embargo for review

The United Nations sanctions committee is due to meet again on Monday to review the effectiveness of the embargo against Iraq and decide whether to allow the shipment of some food and health supplies to Iraq. Permission for such shipments has been requested by several countries, including Security Council member Cuba, writes Michael Littlejohns from the UN in New York.

Mr Javier Pérez de Cuéllar,the UN Secretary General, said yesterday that Bulgaria, India, Jordan, Lebanon, the Philippines, Romania, Sri Lanka, Tunisia and Yugoslavia wanted consultations about economic problems created by sanctions. Yemen and Sudan indicated they might also seek relief.

Soviet and Saudi embassies

The Soviet Union and Saudi Arabia plan to set up embassies in each other's countries, Soviet Foreign Ministry spokesman Gennady Gerasimov said, Reuter reports from Washington.

"We're going to establish embassies and I hope it will happen soon," he said yesterday. The Soviet Union and Saudi Arabia already maintain diplomatic relations, Mr Gerasimov said.

He said the meeting this weekend in Helsinki between Soviet President Mikhail Gorbachev and US President George Bush would be a kind of brainstorming session on what to do in the Gulf to avoid war.

Paris may ease KIO curbs

French Finance Minister Pierre Bérégovoy is considering easing controls on the Kuwait Investment Office's (KIO) financial operations, frozen in a general block on Kuwaiti and Iraqi assets early last month, Reuter reports from Paris.

But such a move would not apply to assets owned by Kuwaiti individuals, a Finance Ministry spokeswoman said.

Most western countries froze all Kuwaiti and Iraqi assets on August 2 following Iraq's invasion of Kuwait.

Iran warns US against staying

Iranian President Ali Akbar Hashemi Rafsanjani said yesterday that Moslems would drive out US forces from the Gulf region if the Americans tried to make their presence in Saudi Arabia permanent, Reuter reports from Nicosia.

President Rafsanjani was quoted by Tehran Radio as saying Iran hoped both Iraq and the US would come to their senses and spare the region a war.

"But the Islamic world would not bear the United States building itself a base next to the divine shrines" in Saudi Arabia on the pretext of thwarting Iraqi aggression, he said in Saveh.

'Iraqis have 300,000 troops near Kuwait'

By David White, Defence Correspondent

IRAQI strength in and around Kuwait is now put at more than 300,000 troops, with between 2,000 and 2,500 tanks.

The latest estimate of Iraqi forces in Kuwait itself – 150,000 men, 1,500 tanks and 700 artillery pieces – was confirmed by Mr Tom King, the British Defence Secretary, during the Commons debate on the Gulf crisis yesterday.

This is 50,000 men and 250 tanks more than took part in the invasion of August 2.

Another 150,000 troops and at least 500 tanks are reckoned to be within easy reach of Kuwait. It is thought that Iraq has probably set up a forward headquarters at Basra.

Four or five armoured divisions are believed to have been assembled in Kuwait, along with five or six infantry divisions. Armaments include between 15 and 20 Frog-7 rocket launchers and a range of air defence weapons.

Trenches and sand barriers have been built on the main access routes and some minefields set up.

Mr King confirmed yesterday that Iraq had moved Silkworm-type shore-to-ship missiles into Kuwait to defend against a seaborne attack.

Only two brigades from the seven elite Republican Guard divisions which carried out the invasion are believed to be still in Kuwait.

The remainder of the Republican Guard force, with Iraq's most up-to-date Soviet-made T-72 tanks, seems to be forming a second line spread out on the Iraq-Kuwait border in apparently defensive positions.

Infantry reinforcements to the region have been mostly moved from the southern sector of the Iran-Iraq border.

Iraq is also understood to have moved Su-25 Frogfoot ground attack aircraft to bases within reach of Kuwait.

● A potential challenge to the western naval blockade of Iraq is posed by three oil tankers thought to have completed loading at the Iraqi port of Umm Qasr and the offshore loading point of Mina al Bakr. The tankers, the Hitin and the Al-Qadisiyah, both of 155,000 deadweight tons, and the 36,000-ton Rumaila, are all Iraqi state-owned.

Japan doing its best to co-operate, Brady told

By Ian Rodger in Tokyo

JAPANESE leaders yesterday told Mr Nicholas Brady, the US Treasury Secretary, that they were doing their best to contribute to the international drive to isolate Iraq.

Although Mr Brady outlined a $28bn (£14.35bn) plan to deal with the crisis, no request for a specific contribution from Japan was either sought or offered.

Mr Brady was apparently more concerned to confirm that Japan was fully committed to opposing Iraq's annexation of Kuwait, as this would help convince Iraq's leaders of the staying power of the military and diplomatic drive mounted against them.

A US Treasury spokesman said after Mr Brady had met Mr Toshiki Kaifu, the Japanese Prime Minister, that Mr Kaifu "sees the world in exactly the same way we do".

Japan has already pledged $1bn to support multinational forces in the Gulf. It has also promised to provide substantial loan and grant aid for Egypt, Jordan and Turkey, the countries hit hardest by the global ban on trade with Iraq.

In addition, last week, it committed $10m in emergency relief funds for refugees, and yesterday $12m more for refugee relief.

Men of the 82nd Airborne wait for their movie to start rolling

US troops in the Saudi desert are ready to go, reports Lara Marlowe

IN THE tactical operations centre of the American 82nd Airborne Division's third brigade, 30-year-old Captain Giles Orpen-Smellie of the British 1st Parachute Regiment cooks chicken curry from army rations and brews orange pekoe tea for his US colleagues. Most of the men have not had a hot meal since they arrived in Saudi Arabia, and the Englishman's cuisine makes him popular.

Capt Orpen-Smellie had been on loan to the 82nd under an Anglo-American military exchange scheme for a year when Iraq invaded Kuwait. "I was afraid the British embassy wouldn't let me come," he says. "I've lived and worked with these people for a year and I wanted to stay with them."

The 82nd Airborne was and remains America's strategic vanguard in Operation Desert Shield. They are positioned at critical points on Iraq's possible line of advance into the kingdom.

Sitting on hard-packed earth while bulldozers erect revetments by moonlight, the men of the 82nd remember the history of their division as depicted in the movies.

"The thing that gets you down the most is that nothing is happening. We're just like Hollywood, sitting here looking pretty," says Private Manh Nguyen, a 24-year-old Vietnamese refugee who made his home in Texas after escaping from Saigon on a barge in 1975.

His commanding officer, Capt Jim Huggins, says he was happy that he was chosen for the honour platoon at Gen James Gavin's funeral at West Point last March. The role of Gen Gavin was played by Robert Redford in A Bridge Too Far, which depicted the 82nd's assault on one of the Rhine bridges in 1944. Out in the desert the soldiers also recall Gary Cooper as Sgt York, the 82nd Airborne First World War hero.

So far, however, the 82nd's exploits in Saudi Arabia have more in common with the Korean war comedy MASH than films of valour and victory.

"You won't believe what's happened over at the naval base last night," one of the soldiers says. "Three marines were on patrol and the Saudi National Guard fired on them. The American soldiers opened fire too. The marines were lying behind a sand dune, screaming they weren't the enemy."

Two more soldiers walk up, jubilant because a desert goatherd took their photograph in the afternoon in front of some palm trees and camels.

"Anybody here get married or had a baby just before leaving?" a public affairs officer asks. "One of the American networks wants to do a two-way with a wife at Fort Bragg. We'll take you to the studio in the city."

As the 82nd "All American" division enters its second month in Saudi Arabia, morale has improved but the possibility of a long stalemate seems to worry the men almost as much as the possibility of war. They were the first troops sent to Saudi Arabia after President George Bush's decision on August 6 to deploy US ground forces in the kingdom, and many expected to be parachuted directly into combat with the Iraqis.

"When we got the word back in Fort Bragg there were mixed emotions," says 23-year-old Corporall Will Longanacre from West Virginia. "I was really scared of chemical gas. The longer we stay here and the more power we build up, the better we feel. Right now we just want to do something."

The 82nd rotates troops from its headquarters, a newly-completed Saudi base, out to the desert. The schedule is now being stepped up, from three days in the air-conditioned barracks followed by three days in the desert to five days in the desert followed by only two days in camp.

They received army beds this week, after learning the hard way that scorpions and snakes congregate in the pretty oases with palm trees and soft sands. Several soldiers have collapsed of heat exhaustion.

"It takes three or four days to really get used to the heat," says Col Ken Laplante from Kentucky. "After 10 days you get to the point where it doesn't bother you. During the daytime from 10 to four, you got to take it easy. That's the first thing I noticed when I got here. Watch the animals. They've been here a lot longer than we have and that's what they do."

Brian Bliss, a 21-year-old specialist from Spokane, Washington, says the sun heats up the metal plates inside his army boots. "It feels like your feet are in frying pans." The men also complain of bouts of diarrhoea, which they suspect is caused by the Saudi water supply brought in 400-gallon "water buffalo" trucks from base camp each day.

Sgt Tony Figuero, a 27-year-old artillery gunner from New York, is worried about the phosphorus shells in the back of his vehicle. "The manual says the inside filler of the canister melts at 140 degrees," he says. "If the filler melts, the liquid phosphorus leaks out. If it gets on your hands they catch fire and you can't put the fire out."

The heat has also damaged computers in the field artillery regiment's fire direction centre. They claim damaged equipment can be replaced quickly from base camp or through a supply line leading all the way back to Fort Bragg.

Most of all, the men of the 82nd Airborne hope for a "combat jump". "That's the big dream for the 82nd, to jump in somewhere and start fighting," says 23-year-old Sgt Robert Moreland from Athens, Texas. "A combat jump would definitely be something to get out of this. If the Iraqis start streaming across the Kuwaiti border, we'll drop behind their lines and cut them off. We're not going to stand here and take on their armour."

Except among more senior officers, some of whom fear a bloodbath if the Americans move to take Kuwait City, the men of the 82nd now seem to be more concerned with the absence of showers and the salt and sweat-starched state of their uniforms between weekly laundry deliveries. Their impatience may prove one of the greatest pressures on the military tacticians.

International consensus takes second place, Commons told

By Ivor Owen and John Mason

ENSURING that Iraq's aggression against Kuwait did not succeed must take precedence over preserving the "coalition" currently backing the action taken by the US, Britain and other countries in the Gulf, Mr Douglas Hurd, the Foreign Secretary, told the Commons yesterday.

His forceful refusal to make any further military measures subject to prior approval by the UN Security Council angered left-wing Labour backbenchers but won general acceptance, and the two-day emergency debate ended with the Government securing an overwhelming majority of 402 (437-35).

Mr Hurd acknowledged the importance of doing everything possible to preserve the "coalition", within Britain and in the international community, but he stressed the need to maintain the "certainty" that Iraq's President Saddam Hussein would lose.

He warned that if a situation were to arise in which there was the possibility of decisive action being vetoed by the Security Council the position of the Iraqi leader would be strengthened.

Mr Gerald Kaufman, the shadow foreign secretary, who with Mr Neil Kinnock, the Opposition leader, took well over half the Parliamentary Labour Party – 128 MPs – into the lobby to support the Government, emphasised that it was not being given "a blank cheque".

To cheers from his supporters, Mr Kaufman said Labour MPs who voted for the Government would be expressing their satisfaction with the action taken so far, while reserving their position in regard to any future measures.

A strong vein of anti-Americanism ran through the speeches of most the Labour rebels who spoke in the debate.

With the tellers, they mustered 36, and included Mr Tony Benn, the former cabinet minister, and Mr Dennis Skinner, a former Labour Party chairman.

Many of the Labour MPs who did not vote had not returned from holiday.

Mr Tom King, the Defence Secretary, confirmed that no attack would be launched on Iraq from Saudi Arabia without Saudi permission.

He had been challenged by Mr Denis Healey (Lab, Leeds East), a former defence secretary, on whether a statement to this effect by Prince Sultan, the Saudi Defence Minister, was correct.

Mr King replied: "That is the position. We are not there to attack Kuwait or Iraq. We are there to defend Saudi Arabia and to ensure that the UN embargo works."

He also confirmed that the Government would discuss with its allies in the Gulf the possibility of sharing the costs of maintaining the British military presence.

Mr King revealed that Iraq's build-up in Kuwait included 150,000 ground troops, 1,500 tanks, 700 artillery pieces, and a full range of surface-to-ship, battlefield and surface-to-air missiles.

Mr Kaufman welcomed statements by Mr James Baker, the US Secretary of State, making it clear that an air blockade of Iraq depended on obtaining the authority of a UN Security Council resolution.

Labour MPs, he said, would support an air blockade provided it had UN approval.

Mr Kaufman attacked the oil companies, which were "greedily seeking to cash in" on the crisis in the Gulf.

Mr Hurd told the House that the "immediate and acute" danger in the Gulf had passed thanks, above all, to the prompt action taken by the US and Britain.

The task now was to build up the pressures – the certainty that Iraq would lose its isolation and the impact of sanctions – until they became intolerable and the aggressor left Kuwait.

Amid cheers, Mr Hurd was adamant that that the international community could not afford to allow Mr Saddam to "come smiling through with a couple of islands and oil fields in his pocket".

Responding to suggestions from both sides of the House that sanctions should not prevent food and medical supplies reaching Iraq he said it was for the Security Council to determine "humanitarian needs" which should continue to be met.

Mr Hurd said Mr Saddam could not be allowed to manipulate the humanitarian factor to his own advantage.

Mr Winston Churchill (Con, Davyhulme) praised Mr Kinnock for "speaking for Britain", but warned that it was increasingly unlikely that war in the Gulf could be avoided.

He suggested that the time had come for British ground forces to be deployed, and maintained that a "pre-emptive strike" against Iraq should not be ruled out.

Sir David Steel, foreign affairs spokesman for the Liberal Democrats, said the debate had shown that there was a "great consensus" in the House and rebuked Mr Benn for implying that those who voted for the Government were somehow voting for war, while those who voted against were for peace. "That is really not so," he said.

Mr Martin O'Neill, the shadow Defence Secretary, repeated Labour concerns that the international consensus could be endangered by any precipitate unilateral action. The US would inevitably have the greatest influence, but international action had to be co-ordinated through the UN.

However, he said there was widespread public support in Britain for effective action against Iraq.

Sir Ian Gilmour (Con, Chesham and Amersham), a former deputy foreign secretary, called for caution and warned that the crisis could not be seen in isolation from other Middle Eastern problems.

The west's tolerance of blatant injustices such as the Palestinian problem and the Israeli occupation of the West Bank had helped increase Arab support for Mr Saddam.

Mr Eric Heffer (Lab, Liverpool Walton) called for more negotiations with Iraq. Mr Saddam had to be given the chance to save face if such negotiations were to succeed.

Mr Michael Mates, (Con, Hampshire East), chairman of the Commons Defence Select Committee, said the crisis demonstrated the Government's prudence in not making heavy defence cuts following the political changes in eastern Europe.

Mr Cranley Onslow (Con, Woking), chairman of the 1922 Committee of backbench Tory MPs, said military action could not be ruled out if the embargo failed. The alternative was the collapse and humiliation of the structure of the UN itself, which was too awful to contemplate.

Mr Merlyn Rees (Lab, Leeds South) questioned the command and control structure of the international military forces. He warned operations could go wrong unless it was clear who was in charge.

Sir Michael Marshall (Con, Arundel) called for greater intergovernmental co-operation to help the refugees on the Iraqi-Jordan border. Such assistance could be given by countries such as Japan and West Germany which were unable to contribute to the military operation.

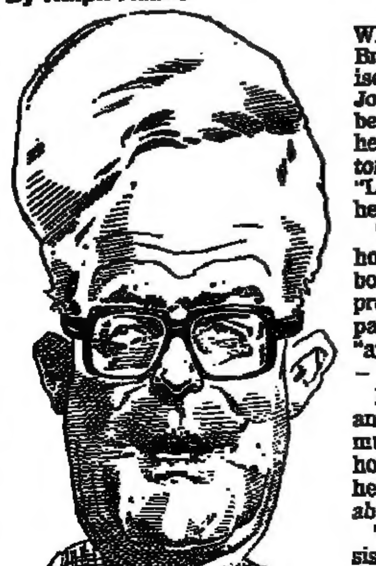
Mr Robert Hayward (Con, Kingswood), who initiated the "helpline" for the relatives of hostages held by Iraq, accused television companies of being worse than the tabloid press in concentrating on the "stress and danger" that they had had to endure.

Mr David Lambie (Lab, Cunninghame South) was supported by other left-wing Labour backbenchers when he attacked "disinformation" spread by the US Central Intelligence Agency.

He had "no faith" in the peaceful intentions of the US and said many of his constituents had more to fear from Mrs. Margaret Thatcher,the British prime minister, than from President Saddam Hussein.

Cool head and an eye on the Tory Party leadership

By Ralph Atkins



Douglas Hurd: unruffled and patient

WHEN Mr Douglas Hurd, the British Foreign Secretary, realised his press conference in Jordan this week was about to be hijacked by Arab protesters, he planned neither a retaliatory attack nor a graceful exit. "Let's just see what happens," he told an aide.

The drama at the Plaza hotel, Amman, was symbolic of both Mr Hurd's style and his predicament. Palestinian sympathisers protested at the "anti-Arab" policies of Britain – and then walked out.

Mr Hurd remained unruffled and patient. "Thank you very much," he said, smiling and holding his hand up in a half-hearted attempt to stop the abuse.

This has been Mr Hurd's crisis. The phoney war of United Nations resolutions, diplomacy and fiery rhetoric has suited his temperament and character. The job he always coveted, and won only last October, has started to throw up challenges that he relishes.

The six-day, whistle-stop tour of the Gulf, which ended in Jordan, and the parliamentary debate which followed, have tested his skills as a fixer, diplomat, and politician. At stake were not just Britain's effort in restoring world order but Mr Hurd's chances of becoming a future Conservative leader.

Mr Hurd, the fixer, is a man who on his Gulf tour wanted to build international consensus around his convictions. His abhorrence of President Saddam Hussein – made vivid in the Commons yesterday – is visceral. But the purpose of his Gulf tour was not to hector, or even provide leadership, but to find common denominators.

Mr Hurd is a natural wordsmith. At times he is suitably strong-minded – urging in the Commons that Britain's right to take military action if necessary should not be "subordinated" to the mechanics of the UN.

Palestine is a case in point. Mr Hurd recognised that the problems of the occupied West Bank and Gaza remained, but the two issues were distinct. The "serious mistake" of Yassir Arafat, PLO chairman, in identifying with President Saddam had meant "the day is now more remote when that matter [Palestine] is tackled with the importance it deserves."

In Jordan and the Yemen, both with large Palestinian populations, Mr Hurd claimed, rightly, that there was convergence around the UN resolutions. Differences over the use of military force and immediate negotiation were "differences of analysis."

Expertise in foreign affairs (he worked in the Foreign Office in the early 1960s) is complemented by a fascination with characters which betrays his hobby as a successful author. He was intrigued by the complicated stand of King Hussein and the argumentative Lieutenant General Ali Abdullah Salih, President of Yemen.

As a diplomat, he wants the international consensus around UN resolutions to be maintained for as long as possible. That could put him at odds with the more hawkish Mrs Margaret Thatcher if a military strike by the US and UK became a reality.

The Foreign Secretary could, then, find his diplomatic caution at odds with his political instincts. For Mr Hurd, the politician, has finely-tuned antennae. He knows that the majority of Conservative backbenchers – from both the moderate and gung-ho wings – will not stand for dithering in the face of the enemy.

By nature, Mr Hurd is not a natural Thatcher ally; and unrestrained, he would be a very different prime minister. But he has a knack of picking up echoes of Mrs Thatcher's thinking in his own remarks.

She talked of the legal right to take military action without further UN resolutions on television last Sunday. He reiterated it in a press conference in Muscat – but added the need to pay attention to "practicalities and commonsense."

Such cool-headedness and tolerance give the qualities required for a long haul against Iraq – a conflict in which nobody can foresee the outcome. With domestic politics never far from the surface, they also stand him in good stead to face the vicissitudes of the Conservative Party leadership stakes.

Lamb war link suspected in attack on French driver

By Richard Gourlay in London, Will Dawkins in Paris and Lucy Kellaway in Brussels

THE "lamb war" appeared to take a further ugly turn yesterday after a French truck driver was attacked by three men on a Kent motorway and left with a fractured skull.

Kent police would not rule out a motive of retaliation after the recent attacks on British drivers and lambs by French farmers who are worried that drought and imports from the UK and Republic of Ireland are hurting business.

One hundred British MPs yesterday signed a motion denouncing the lack of French action in policing the free flow of EC goods and one MP called for housewives to boycott French products.

Mr Eric Gunther had been driving along the M2 early yesterday morning with a cargo of low-value pharmaceuticals when three men forced him to pull over, and beat him and the inside of his cab with staves. An official for his company, Giraud Transports of Roussillon, said he assumed the incident was linked with the "harsh attacks by French people on English drivers" and said both sets of attackers were "pitiful".

The attack comes a day after French farmers seized nearly 400 British sheep and burned them in front of a French government building. French farmers have hijacked at least 19 lorries carrying foreign livestock and meat since June, including a dozen with British cargo.

Meanwhile Britain warned France of its mounting concern over French authorities' failure to curb attacks against trucks carrying British lamb and beef.

Sir Ewen Fergusson, British Ambassador in Paris, forcefully explained the seriousness with which the British government viewed the issue at meetings yesterday with Mr Pierre Joxe, the Interior Minister, and Mr Henri Nallet, Agriculture Minister.

"I wanted to underline . . . the very great importance that we place on actions by the French Government to maintain law and order and to promote the continuing free circulation of British goods in France," Sir Ewen said.

Mr Joxe pledged that the French Government would take action against those responsible. The British approach came as French farmers' unrest continued to simmer yesterday, fed by falling meat prices, cheap imports from all sources, and the impact of the summer drought.

An abattoir in Bordeaux was surrounded by 200 to 300 farmers who blocked traffic by placing flaming tyres in the road, but departed peacefully at the end of the morning. They were protesting against a consignment of East German meat stored there.

Mr Raymond MacSharry, the EC agriculture Commissioner, demanded an assurance from the French government that all was being done to stop the violent protest by French farmers. He wrote: "It is urgent that effective steps be taken to protect further consignments."

Damaged lorry: vehicle and driver were yesterday beaten, possibly in retaliation for action by French farmers

Brooke resumes Ulster initiative

By Ralph Atkins and Our Belfast Correspondent

MR Peter Brooke, the Northern Ireland Secretary, yesterday intensified his efforts to start round-table talks between the province's political leaders.

Resuming the initiative he started in January, Mr Brooke went further than before by saying that his responsibilities for good government in the province may "require me at some point to set the pace and show the way."

Mr Brooke said agreement on the basis for formal negotiations was "close and attainable" but he stepped up pressure on Northern Ireland's constitutional parties by calling for a "demonstration of political will" on the part of those involved.

Initial reactions suggested he was likely to at least get bilateral talks between himself and constitutional parties restarted.

Mr Jim Nicholson, chairman of the Ulster Unionist Party, said he thought Mr James Molyneaux, the party leader who is recovering from a minor operation, would be "encouraged" to meet Mr Brooke again.

Mr Nicholson added: "There is a hint to those who have created roadblocks that he in the end will bypass them."

After first challenging political leaders to start talks on alternative forms of government, Mr Brooke had by early summer succeeded in raising hopes that a genuine dialogue could begin. But he suffered a setback in July when last-minute disagreement with the Irish Government meant he was unable to set out his plans in the Commons, as he had hoped.

That disappointment resulted in complaints from Unionists that Dublin was interfering to an intolerable degree in the internal affairs of the province – underlining their deep resentment of the 1985 Anglo-Irish Agreement.

In a speech to Ballymena sixth-formers, Mr Brooke reiterated his belief that talks should centre on three relationships: between London and Dublin, north and south Ireland and between the two communities of Northern Ireland.

He again said the Government accepted "the consequences that a successful outcome to such talks" would have for the 1985 pact.

Mr Brooke hinted that he would like a new format to preliminary talks. Bilateral discussions between himself and political leaders "does not lend itself to as effective or speedy an exploration as could be undertaken by collective discussions," he said.

The Dublin Government and the mainly Catholic Social Democratic and Labour Party reacted favourably. Dr Joe Hendron, chairman of the SDLP's constituency representatives group, said: "We remain ready and willing to participate in talks which will address the full dimensions of the problem in the three sets of relationships which have been agreed upon."

MacGregor denies shortage of teachers

By Richard Evans

THE DISPUTE over teacher shortages intensified yesterday when Mr John MacGregor, Education Secretary, claimed that "a massive improvement" in recruitment meant that very few classes were without teachers at the beginning of the school year.

That contradicts the claim made earlier this week by Mr Jack Straw, shadow Education Secretary, who said that about 130,000 pupils would begin the school year without a properly qualified teacher.

Mr MacGregor said that after a survey of all 109 education authorities in England, replies from 82 showed that "in nearly every case", there would be a teacher for each class.

"We have had a good success story this year, and the cases of not having teachers in front of the classroom are absolutely infinitesimal, but we must not be complacent," he said. "We have got to keep it up."

The two authorities with continuing shortages were Hackney, in inner London, and Manchester, but although Hackney had been nine teachers short at the beginning of term, 28 teachers were on induction courses and would soon be in the classroom. "It shows a massive improvement," Mr MacGregor said.

The 82 authorities, which included all the inner London boroughs and a wide spread of others throughout the country, had filled 19,000 posts during the summer, most of them full-time and permanent and the rest of at least one term's duration. About 1,400 posts remained unfilled at the beginning of term, including 680 primary and 700 secondary jobs, with the rest unspecified. Those are being filled by supply and advisory teachers.

The figures compare with 4,910 teacher vacancies in the same authorities' classes last January (2,820 primary and 2,090 secondary), and 2,590 this time last year (1,500 primary and 1,090 secondary).

Mr MacGregor said the overall reduction of 72 per cent in the number of vacancies in the 82 authorities since January, and 52 per cent since last September, reflected the success of the measures the Government had taken and the efforts of local education authorities.

He singled out the inner London boroughs for praise. The boroughs, which took over responsibility for education from the Inner London Education Authority last April, had faced real difficulties but had "got on with the job."

Mr MacGregor also attributed the improvement in recruitment to the teachers' pay award, better career structures, higher salary levels for honours graduates and an improvement in the image of the profession.

He criticised the Labour Party's statement on teacher shortages, saying the department's survey had "blown it out of the water."

Support for European energy plan

By Robert Mauthner, Diplomatic Correspondent

BRITAIN announced yesterday that it was backing a Dutch initiative for a European Energy Community embracing western and eastern Europe.

Mr Douglas Hurd, Foreign Secretary, said in a speech to his constituency Conservative Association in Oxfordshire last night that he particularly welcomed the thinking behind the proposal, first presented to the European Council in Dublin in June.

The aim of the organisation would be to make more effective use of Europe's energy resources and at the same time to promote economic reform in the Soviet Union and eastern Europe.

An open energy market would bring in Western technology and know-how to eastern European countries to cut waste, raise production and help clean up the environment, Mr Hurd said.

OBITUARY

A. J. P. Taylor: popular historian

ALAN TAYLOR, the Oxford historian who died yesterday aged 84, will be remembered not only as one of the first and greatest writers of 20th-century history, but also for his unmatched ability to communicate easily with the public through the press and television.

Once described as the greatest popular historian since Macaulay, Taylor was born in Birkdale, Lancashire, in 1906 and educated at Bootham School, York, from whose Quaker background he perhaps derived the combination of social radicalism and unaffected simplicity that stayed with him throughout his life.

At Oriel College, Oxford, Taylor read modern history. To his own surprise, he achieved a first-class degree. It opened the way to a career as a historian, which he had not anticipated.

Taylor's earliest works were on 19th-century European diplomatic and political history. As his career advanced, he shifted to the 20th century.

He wrote 27 history books and two volumes of autobiography. His range of topics was dizzying. Taylor was at home in both European and English history, writing about the Habsburgs, Bismarck and the Russian Revolution, as well as international relations and diplomatic history. His volume of the Oxford history of England, covering the years 1914-45, was a best-seller.

Taylor was a fluent and forceful analyst. Part of his spell over his readers came from his ability to write his books at a speed that contrasted with other historians who would have agonised over several. As generations of admiring students observed, he was able to lecture without notes.

Socialist in his political sympathies, passionately humanitarian, and mischievously fond of challenging establishment attitudes, he made a natural journalist, as much at home in the columns of the Sunday Express and the New Statesman. Lord Beaverbrook, the Express Group proprietor, became a firm ally and friend.

Taylor was perhaps the first academic to become a television personality, in the 1950s, proving an adroit controversialist in discussion programmes and an engaging lecturer.

In the universities, Taylor's reputation was mixed, clouded partly by donnish jealousy of his achievements but also by the controversies he relished generating in his books. Was German history pervaded by an authoritarian and militaristic spirit not found in English history? Could the origins of the Second World War be blamed on Hitler alone?

Taylor's answers to those questions were complex and idiosyncratic, and led to accusations of prejudice against Germany.

Beneath his scholarly arguments lay a deep aversion to all warfare and militarism which led him to become a founder-member of the Campaign For Nuclear Disarmament.

His links with CND cost Taylor dearly. He was passed over for Regius Professorship of Modern History, the headship of the Oxford history department, in 1957. In 1963, Taylor's university lectureship expired and was not renewed.

He remained a fellow of Magdalen College until his retirement in 1976, but was thereafter in a state of semi-eclipse as far as his formal university career at Oxford was concerned – a situation strikingly at variance with his public and scholarly eminence.

Taylor married three times. His last wife was Eva Haraszti, a fellow historian. He leaves six children by his first two marriages.

NEWS IN BRIEF

Tanker is launched at Govan

THE BIGGEST liquefied petroleum tanker yet built in Britain was yesterday launched at the Kvaerner Govan shipyard on Scotland's Upper Clyde.

The launch of the 56,000 cu metre vessel marks a comeback for Govan, which was bought by Kvaerner, the Norwegian engineering group, from the state-owned British Shipbuilders for £6m in 1988.

The yard now has outstanding orders of £150m and Kvaerner expects to increase the workforce of 1,450 by 250 by early next year as part of a £26m investment programme.

ASB proposal

The newly formed Accounting Standards Board is seeking to speed up the introduction of new rules on group accounts.

After a change in the legal definition of what counts as a subsidiary company, which comes into force from the end of this year, many so-called "off balance sheet" companies will have to be included in group accounts. The ASB's proposed rules interpret the legal provision.

The ASB has asked for views on the proposed rules by October 15, rather than the earlier November 30 deadline.

Food margins up

UK food manufacturers' average profit margin rose from 5.7 per cent to 7 per cent in the three years to 1988-89, according to the Grocer/OC&C Corporate Index published today(.

Companies with sales of less than £100m grew faster and achieved better margins in the period than smaller ones.

Among larger companies, the highest margin of 19.8 per cent was achieved by Walkers Crisps, owned by PepsiCo. The best smaller company was Horlicks, a subsidiary of SmithKline Beecham, with a margin of 17.8 per cent.

UN appointment

SIR David Hannay is to succeed Sir Crispin Tickell as Britain's ambassador to the United Nations and will take up duty on Monday, the Foreign Office said yesterday.

Strained departure ends a bizarre Scots episode

James Buxton retraces a curious appointment

THE DEPARTURE of Mr Michael Forsyth from the chairmanship of the Scottish Conservatives ends one of the more bizarre episodes in the agony of the Tories north of the border.

Only a few weeks ago it was being seriously mooted that Mr Forsyth, still only 35 although prematurely stooped, apparently from the strains of office, would replace Mr Malcolm Rifkind as Scottish Secretary even before the next general election.

Now his political career has suffered a rebuff that reflects on the judgment of Mrs Thatcher. But to compensate she has actually promoted him in the Scottish Office.

Mr Forsyth shot to prominence immediately after the 1987 general election when he showed himself easily the most energetic of the junior Scottish Office ministers. His energy, his espousal of radical policies and his willingness to take on the Conservatives' many opponents in Scotland marked him out and endeared him to the Prime Minister.

Her decision last June to appoint him party chairman was greeted with horror by many Scottish Conservatives. It was well known that Mr Rifkind had advised against it.

Yet there was a case for it. The Conservative Party desperately needed someone with drive to rouse the Tory central office in Edinburgh from its administrative torpor. The party needed a public figure prepared to challenge Labour mercilessly in public. It was just possible that Mr Forsyth and the more consensus-loving Mr Rifkind could have formed an effective combination of statesmanship and political thuggery.

Yet not only did relations

Malcolm Rifkind: repelled challenge, not the malaise

between the two men, rarely warm, deteriorate; Mr Forsyth also proved a disappointment as an administrator. He dismissed several of the failed old guard among party officials but replaced them with people from his own right-wing coterie who proved ineffective at their jobs.

Two of the new appointees themselves later resigned; one of them, Mr Douglas Young, who departed in despair a few weeks ago, bringing the latent anti-Forsyth antagonism in the party out into the open.

Many in Mr Forsyth's Central Office team operated as a faction within the party, shunning the majority of Scots Tories who did not agree with their ideology. Although central office's media relations improved, the constituencies complained that they were not getting better services. Several constituency agents chose to resign.

Worse, the youthful Mr Forsyth did not put himself above faction as a party chairman should. He does not seem to have stamped hard enough on those MPs, led by Mr Bill Walker, who this spring touted him as an immediate replacement for Mr Rifkind – a move that culminated in embarrassing scenes at the party conference at Aberdeen in May.

Although Mr Rifkind beat off that challenge, the malaise lingered, because Mr Rifkind soon found himself in difficulties of his own over British Steel's closure of a hot strip mill at Ravenscraig, and then over a legal reform bill that would have curbed the monopolies of Scottish solicitors. In the face of opposition from supposed radicals among the five Tory backbench MPs, Mr Rifkind had to abandon much of the legislation.

Not only did Mr Forsyth give Mr Rifkind no overt support during that crisis, he made an extraordinary intervention in support of Mr Nicholas Ridley on the day the former Trade Secretary resigned.

All that was too much for the coalition gathering against Mr Forsyth which put its case uncompromisingly to Mrs Thatcher. The resignation of Mr Young enabled the question of Mr Forsyth's competence to be raised.

The Scottish businessmen who had contributed and raised large sums to help the party protested at the amount having to go in redundancy payments for ex-officials rather than in winning the next election. In the end, with powerful figures in the party such as Lord Whitelaw and Mr George Younger, the former Defence Secretary who was Mrs Thatcher's campaign manager in last autumn's party leadership contest, telling the Prime Minister that Mr Forsyth had to go, Mrs Thatcher had no choice.

'A promotion which is richly deserved'

THIS IS the text of the letter to Mr Forsyth from the Prime Minister:

My dear Michael,

When I appointed you as chairman of the party in Scotland last year, I asked you to breathe new vitality into the Conservative cause in Scotland.

I am most grateful to you for all your unstinting commitment and hard work to that end, and on top of your responsibilities in the Scottish Office, coupled with your tremendous work in your Stirling constituency.

We both agree that, as the general election approaches, the time has come when it is necessary to have a full-time chairman at Conservative Central Office in Edinburgh.

Your role in the Scottish Office remains crucial to the continuing good government of Scotland and I am delighted that you will now be there in the higher position as Minister of State with enhanced responsibilities, a promotion which is richly deserved.

With Russell [Lord Sanderson] as chairman building on the foundations you have laid in the party and Malcolm's [Malcolm Rifkind] long experience as Secretary of State, I am sure that we have the right team to put our case and increase our support.

Once again my grateful thanks for all that you have done over the last 12 months during your term as chairman. We shall continue to be close colleagues, in your capacity as Minister of State at the Scottish Office.

Moreover I shall make a point of continuing to seek your advice and thoughts on future policy. This will be of particular significance in the run-up to the election.

Yours ever, Margaret.

Application for £850m N Sea field development

By David Thomas, Resources Editor

GOVERNMENT approval was sought yesterday for the development of the East Brae gas and oil field at a cost of about £850m by a group of oil companies led by Marathon Oil, a subsidiary of USX Corporation of the US.

The field, 165 miles north-east of Aberdeen, has estimated reserves of more than 300m barrels of oil and 1.4 trillion (million million) cu ft of gas. Eight oil and gas companies, known as the Brae Group, own the field. They include Marathon, which has a 35.84 per cent stake, British Petroleum, with 25.58 per cent, and Bow Valley Petroleum, with 13.28 per cent. Production is due to begin in 1993.

Lowndes holds £16m in deposits

By Clay Harris, Consumer Industries Editor

UP TO 40,000 customers of Lowndes Queensway are estimated to have a total of £16m tied up in advance payments to the failed furniture and carpets retailer, one of the administrators of the company's deposit insurance scheme said yesterday.

The policy provides cover for only £15m, and administration costs are likely to take at least £1m of that sum.

Last month's collapse of Lowndes, which operated Queensway, Carpetland and General George stores, has affected more customers than any other UK corporate failure for 15 years.

Mr Jonathan Phillips of the accounting firm Price Waterhouse said 7,500 potential claims have been registered directly, and 10,000 more were being collected from Lowndes stores. He believed, however, that that still added up to fewer than half the customers involved.

Not all of the registrations may lead to claims, he said. The receivers will allow some orders to proceed, and some customers may claim from their credit card companies.

Airtours libel writ against Lunn Poly

By Raymond Snoddy

AIRTOURS, the holiday operator, yesterday issued a writ for libel against Lunn Poly, the country's largest travel agency chain, after Lunn Poly publicly dropped Airtours from its list of recommended suppliers.

The writ is issued against both Lunn Poly, part of the Thomson holiday group, and Mr Ian Smith, its managing director.

Airtours complains of a press release issued by Lunn Poly, and of articles in the Daily Express, Today, Manchester Evening News and Financial Times "caused to be published by the defendants."

Mr Smith said yesterday he had not received a writ and that the matter was in the hands of the company's solicitors. He declined to comment further.

Move by Midland

MIDLAND BANK is to move its advertising account from Allen Brady & Marsh, the agency which has held the contract for the past 10 years, to Chiat/Day. Chiat/Day is a small agency recently awarded the title of "agency of the decade" in the USA by Advertising Age Magazine. Its London office opened last November.

International links urged to control insider trading

By Robert Rice, Legal Correspondent

MR Rudolf Giuliani, the former US Attorney for the Southern District of New York who led the insider trading prosecutions against Mr Dennis Levine and Mr Ivan Boesky in 1986, called yesterday for greater international co-operation in the fight against securities fraud.

Speaking at a lunch in the City hosted by Jaques & Lewis, the solicitors, Mr Giuliani said that with the increasing globalisation of securities markets a uniform law that defined insider trading in precise terms backed up by uniform international enforcement procedures was now essential.

With co-operation between Europe, America and Japan such a uniform law could be in place within five years, he said. The EC directive on insider dealing was an important step towards the establishment of minimum international standards in this area.

There was also a need for greater exchange of information between the various regulatory bodies. The memoranda of understanding between the US Securities and Exchange Commission and the UK and Swiss authorities should be strengthened and extended to other countries.

It was also important to establish a model code for the

Rudolf Giuliani: uniform insider trading law needed

securities industry on which entrants into the market could rely in developing a system for controlling abuse. That was the only way in which reliance on the integrity of the market could be increased, he said.

Scrutiny of securities markets was going to continue and increase, Mr Ginliani said. But it was also important for self-regulation to increase.

If companies and their directors were going to escape liability for insider trading by their employees in future they would need to adopt internal compliance programmes.

Those should include a clear policy statement that the firm prohibited trading on inside information, an education programme for employees, and an internal auditing system for monitoring all trades.

Asked if there were any lessons for the UK authorities in the speed with which the Boesky-Levine insider dealing scandal had been dealt with in the US, compared with the length of time it had taken to bring the Guinness case to trial, Mr Giuliani said that without Mr Boesky's co-operation that case would still not have been resolved.

Many people felt Mr Boesky had obtained too much from the deal with the SEC and the federal prosecuting authorities but the US Government had been very lucky and he decided to co-operate.

Mr Giuliani said he was a strong advocate of a centralised agency for tackling securities abuse with substantial enforcement and investigatory powers. In time, the Serious Fraud Office could fill that role in the UK, he said.

He also defended the five-year sentence imposed on Mr Ernest Saunders, former chairman and chief executive of Guinness, as an accurate reflection of how white-collar crime was now perceived internationally.

Bad debts cut profits at Scottish bank

By David Lascelles, Banking Editor

MOUNTING BAD debts have depressed the results of Adam & Co, the Edinburgh-based private bank.

In the year ending June 30, Adam made operating profits of £882,000, up 2.5 per cent on the previous year's £860,000. That is the first time that the seven-year-old bank's profit growth has fallen into single figures.

Mr James Laurenson, managing director, described the result as "very disappointing." He said an important factor had been a provision of about £75,000 to cover bad debts run up by a number of the bank's gold card holders. A loophole that had enabled customers to abuse the card had been closed.

Adam had also misjudged the course of UK interest rates last year and found itself in a funding squeeze; the resulting loss was in "six figures." However, Mr Laurenson emphasised that Adam's underlying growth was solid, with continued rises in loans and deposits.

The bank was being more selective about its clients and he was confident about opportunities in the private banking market.

There are no plans yet for a market flotation, although the bank's shares are quite actively traded among private investors. A number of the bank's institutional shareholders, including the Kuwait Investment Office, have sold out recently and the shares have been mainly distributed among private individuals.

Lure of sun, sea and sand: this summer tour operators misjudged the fall in demand and had to turn away potential holidaymakers

Packager of paradise looks to a new dawn

David Churchill finds optimism in the travel trade after summer's strong demand

INTERNATIONAL Leisure Group, Britain's second largest package tour operator, will today put on sale some 1.7m holidays for next summer in the firm belief that – in spite of rumours to the contrary – the package holiday is far from dead.

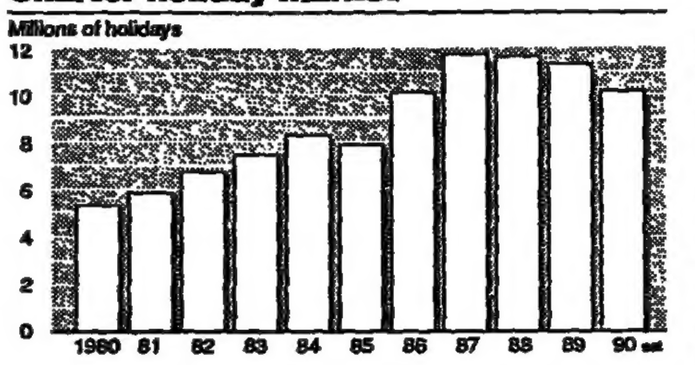
Mr Harry Goodman, the ebullient chairman of ILG, the group that includes Intasun and Air Europe, and one of the driving forces behind the growth of package holidays over the past decade, believes the travel trade is on the verge of "a second Golden Age of tour operating."

He says the last two months have been the most profitable ever for ILG's holiday operations, although the wafer-thin profit margins for tour operators leave considerable scope for improvement.

ILG's travel operations are understood to have made approximately £3m profit on turnover of around £300m last year. But figures from the Civil Aviation Authority show that the 30 largest tour operators lost £76,000 on aggregate last year on combined turnover of slightly more than £3bn.

Mr Goodman's optimism is based on the strength of holiday bookings this summer. "After five years of unrealistically low prices, bad publicity and unprofitable operations, it finally looks as though the industry is getting its act together," he says.

Charter holiday market



Last winter, when rising interest rates and the imminent extension of the poll tax to England and Wales began to sap consumer confidence in booking holidays, Thomson, the biggest tour operator, and others, including Intasun, decided to reduce capacity by about 20 per cent, offering some 1m fewer than originally planned. Altogether some 10m holidays are likely to be sold this year, an amount still double the level of 10 years ago.

Tour operators misjudged the fall in demand and were in the unusual position of turning potential holidaymakers away because it proved impossible to put on extra charter flights at short notice. Some estimates suggest that as many as 250,000 failed to find a suitable package deal this summer.

The surprising strength of demand for package holidays suggests that some of the initial effects of high interest rates and the poll tax may have begun to wear off.

"The million or so people who dropped out of the holiday market this year were at the lower end of the market and were most sensitive to pressures on disposable income," says Mr Charles Newbold, managing director of Thomson Holidays, the largest tour operator. "Those left in the market clearly feel able to afford a holiday."

The travel trade says its customers are increasingly sophisticated. Small, specialist tour operators say business is buoyant, partly because they offer better quality holidays than some mass-market packages.

Many Britons are also organising their own holidays. While the number of package tours to Spain is down sharply this year, the number of independent travellers is significantly up.

The trend is also reflected in the growth of timeshare, in spite of the poor publicity the industry has received this year. Seat-only charter flights to the Mediterranean is the fastest-growing segment of the holiday business.

The move towards higher-quality holidays is the main feature of next summer's Thomson Holidays brochures. Thomson is offering compensation of up to £100 a person for any change of flight, departure airport, accommodation or length of holiday. It says it has "weeded out" many below-par hotels from its brochures and helped others to improve facilities.

Thomson and Intasun are also offering a no-surcharge pledge for next summer. They have bought forward on the aviation fuel market to hedge against price rises as a result of the Gulf crisis. Smaller operators have been less fortunate and many will be forced to add surcharges next summer.

The Gulf crisis is the biggest threat to tour operators' profitability. They fear a prolonged crisis will dampen consumer confidence in booking ahead to next summer.

Mr Goodman is pinning his hopes on Mrs Thatcher providing a pre-election boost to the economy and consumer spending, but is hedging his bets by offering a £1m prize competition for those booking holidays over the next few weeks.

He has also warned that brochure prices will rise after Christmas, though that may be marketing "hype" – common in the travel trade – aimed at persuading consumers to book early.

But if bookings for next summer do not show the sustained growth expected in the run-up to Christmas, Mr Goodman's projected "Golden Age" may look very tarnished indeed.

A growing harmony emerges at Congress

John Gapper reviews the week and assesses what was achieved for unions and Labour

MR Norman Willis, the TUC's general secretary, was in a gloomy mood at the start of this week over how the media would perceive debate on employment law. "For those who categorise all TUC stories as either a damaging split or a fudge, you will no doubt have a story of the first kind," he said.

In the event, the two most important decisions of the 122nd Trades Union Congress fell into neither category. One was a split which was useful rather than damaging. The other was not so much a fudge as a vote for several things at once, with unions attaching different meanings to their support.

The undamaging split was on Monday, over employment law under a Labour government. The TUC's 78 affiliates, representing 8.4m workers, voted by 4.4m to 3.5m not to press for broad rights to secondary action, and freedom over which methods they use to appoint senior officials.

Under different circumstances, the TUC's leaders might have wanted as unanimous support as possible for their own view – in this case, that unions should fall strictly in line with Labour's wish to maintain large parts of Conservative employment law. But in this case, Labour welcomed some open tension.

The fact that there was significant strength in the rebellion – unions led by the public service union Nalgo and including the MSF general technical union voted for it – helped to show that there had been a genuine battle with the left. It defused attacks from the Government that the vote was a deception.

Furthermore, Mr Alan Jinkinson, Nalgo's general secretary, explicitly said in the debate that Nalgo had no quarrel with ballots for union elections and industrial action. The most vociferous public opponent of Labour's reforms was admitting that it accepted large parts of them.

The unions which spoke and voted most clearly against Labour had special interests to protect – such as Equity, the actors' union, and the NGA print union – or were the most hardline of left supporters. These included the FTAT furniture workers' union and the National Union of Mineworkers.

Labour could thus emphasise its support for the interests of most workers and the public against sectional interests and the left. The TUC could take additional comfort from the overwhelming show of hands which backed the general thrust of Labour's ideas and the notion that unions should act within the law.

The non-fudge was on the future of pay bargaining under a Labour government. Unions voted on a motion that both backed "national wage bargaining based on authoritative annual assessments of economic prospects" and rejected "pay norms, whether formal or presented as national economic assessments."

As Mr Tony Lennon, president of the Beta media union, observed at the end of the debate, several of those speaking appeared to be addressing different motions. Some wanted a new framework of pay bargaining. Others wanted to make sure that a new framework would not be like the old framework of the 1970s.

Mr John Smith, Labour's shadow Chancellor, emphasised after the debate that there would be "no return to pay norms under a Labour government." Labour's leaders are wary of any return to corporatism through the TUC and the Confederation of British Industry sitting down together to discuss incomes.

The TUC is to try to sort out some of the uncertainties remaining from the debate over the next year by studying how co-ordinated national bargaining works in countries such as Japan and Germany.

Norman Willis: feeling more comfortable by the close

But the debate raises linked questions for Labour itself over its attitude to private sector pay.

It remains unclear whether Labour will attempt to avoid any sort of pay policy outside the public sector – a more radical approach even than the Conservatives. The Government has argued strongly over the past decade that pay arrangements should be as decentralised and fragmented as possible.

At their weakest, the New Agenda proposals on pay bargaining made by Mr John Edmonds and Mr Alan Tuffin, leaders of the GMB general union and UCW postal workers' union, would mean active government support for national pay bargaining. That implies a reversal of established bargaining trends.

Apart from these two decisions, the most important issue for unions discussed at Congress was the progress of work done by the TUC's special review body (SRB) on increasing membership and getting unions to work more effectively together. The results so far have been mixed.

The TUC's fall in membership – down by 247,000 between the end of 1988 and the end of 1989 – has itself created financial problems in expanding the Union Yes programme of co-ordinated recruitment drives started in Trafford Park, Manchester, and London's Docklands this year.

Furthermore, the SRB's suggestion that unions should press for single-table bargaining at plants with several unions in order to offer an acceptable alternative to single union deals still faces problems. Simplifying bargaining arrangements in existing plants is a long and sometimes arduous process.

Few inward investors are keen to take on multi-union bargaining arrangents, and unions are increasingly unwilling to risk losing a chance of members by insisting on it. The TGWU general union has even dropped the idea of a joint approach to Toyota with the MSF general technical union.

Some of those tensions surfaced at Congress yesterday when MSF complained that an attempt to make a multi-union approach to Pioneer, the Japanese electronics company, for a manufacturing site in Wakefield, West Yorkshire, had collapsed. Five unions have now made separate approaches to Pioneer.

Mr Willis yesterday talked unhappily about unions sometimes being "comrades in agony."

There is certainly little sign of pain easing significantly in the vexed area of recruitment. But he can perhaps draw some comfort from a relatively untroubled Congress week and the peaceable image it promoted.

The underlying difficulties for the TUC and its affiliates remain. But the week has shown a growing harmony with Labour over the way the party presents itself and its policies at the next general election. TUC leaders can only hope that such harmony is enough to help enable Labour to win.

Man in the news: Tony Blair, Page 6

BRIEFLY

Alec Smith elected TUC president

MR Alec Smith, general secretary of the NUTGW tailor makers' union, was yesterday elected chair of the TUC general council.

Mr Smith, 60, leader of his union since 1979, was elected immediately after the end of the TUC's annual congress in Blackpool yesterday.

As president of the TUC, he will chair next year's annual congress, scheduled for Glasgow next September.

Political funds

CONGRESS instructed general council to promote the setting up by unions of political funds. It backed a motion saying that unions with political funds could launch joint activities including advertising campaigns, education work on social and political issues and support for research.

NHS wages warning

ATTEMPTS by the National Health Service to end national wage bargaining would be a recipe for industrial anarchy, Congress was told.

Mr Roger Poole, assistant general secretary of the Nupe public service union, said local pay bargaining would mean one hospital competing with another for the same staff.

It was something which had to be resisted, he said in successfully backing a motion opposing restrictions on strikes by emergency service workers.

Better rights sought

CONGRESS called for improved rights for workers whose companies go into liquidation or receivership.

It supported a motion which expressed concern that "the employment rights of employees become secondary to the financial well-being of creditors."

The TUC wants full protection of earnings and holiday pay when a company goes into liquidation. It is asking for laws to force receivers and liquidators to consult more with employees and trade unions.

ITN talks restart

NEW TALKS aimed at avoiding industrial action at ITN began yesterday after Acas, the conciliation service, said it had fresh proposals to discuss.

ITN's management and broadcasting unions agreed to go back to Acas after staff voted overwhelmingly to ballot for industrial action following their rejection of a "final" pay offer of 7 per cent.

Move for multi-union deal at Pioneer plant fails

By Michael Smith, Labour Correspondent

THE MSF general technical union has failed in an attempt to persuade other unions to join with it in seeking a multi-union agreement at a plant being built by Pioneer, the Japanese electronics company, in Wakefield.

At a meeting, organised by the TUC earlier this summer, three other unions turned down its request for a united approach to the company. The MSF wanted to propose to Pioneer a single table bargaining arrangement under which representatives of each of the unions would have been included.

Pioneer is expected to announce shortly which of five competing unions it has chosen for a single union deal.

Apart from MSF, the unions are the AEU engineers, the GMB and TGWU general workers unions and the EETPU electricians.

Mr Granville Clay, MSF executive committee member, told Congress that the TUC should do more to encourage single table bargaining.

The three unions which rejected MSF's joint approach suggestion – the AEU, the TGWU and the GMB – believe there is little point in joining together if companies setting up plants are determined to deal with just one union.

They believe the result would be to let in the EETPU, which is not affiliated to the TUC following its expulsion two years ago.

Inquiry to examine effects of stress in the workplace

By Diane Summers

STRESS at work is being intensified for white-collar workers by the introduction of performance-related pay, Congress heard during a debate which called for the TUC to launch an inquiry into stress and promote time off in lieu agreements.

Company culture often meant that spending an excessive amount of time at work was seen as the only way of getting promotion, said Mr Ray Humphreys, president of the Society of Telecom Executives. In the days of performance-related pay, these pressures were even stronger.

"The control of stress must be put on the bargaining agenda and unions should be seen to give it a key priority," he said. "Working excessive hours must be challenged by unions. If the job can't be done within the normal working week, then it is badly designed or over-loaded."

Time off in lieu agreements could help in reducing stress. These needed to give individuals control over their hours while giving both employers and employees sufficient flexibility to meet peaks and troughs in workloads, he added.

Ms Helen McGrath, general secretary of the National Union of Hosiery and Knitwear Workers, said that women workers in particular were subjected to ever-increasing stress at work.

"Increased tempo of work, increased production, increased demand for shift working, new technology being introduced, redundancies, fear of unemployment, continual re-training and, finally, increased domestic responsibility for both men and women" were all contributory causes, she said.

Effects could range from headaches, through to skin rashes, depression and heart disease. Stress could also be associated with behavioural problems and drug abuse, Ms McGrath added.

Congress voted unanimously to launch an inquiry into stress at work, its causes and effects, and ways of preventing it. It called for approaches to be made to the Health and Safety Executive to set up a stress counselling service. It also voted for the TUC to publicise the benefits of properly applied time off in lieu agreements.

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In and out of the ERM

THERE IS one respect in which economic policymaking is remarkably similar to stock market investment: the art is all in the timing. If the former Chancellor Mr Nigel Lawson had responded more rapidly to overheating in the UK economy in 1988 he might still be ensconced in a large office in Whitehall. If his successor Mr John Major chooses the right moment to cut interest rates in response to a slowing economy and a crisis in the Gulf he will avert recession and deliver an election victory for the Tories. The problem at any given moment is to know precisely where you are starting from. Since economic statistics provide only the most sketchy of route maps, this is easier said than done.

Historical precedent provides some modest help. And the analysts now invoke two periods in the 1980s as a guide to current policy. One is the squeeze of 1980-81, when Britain's tradable goods sector was throttled by excessive sterling appreciation as North Sea oil came on stream. The other is 1986-87 when Mr Lawson chose to shadow the European exchange rate mechanism (ERM) after a fall in the oil price and in the value of the pound – a policy that contributed to victory at the polls followed by a sharp upsurge in the rate of inflation.

The suggestion today is that we are seeing 1986-87 run in reverse at a time when the electorate is more worried about inflation than unemployment. A rise in oil prices and sterling, cemented by formal entry into the ERM, could pave the way for lower inflation and an election victory. But the consequences for the corporate sector would be dire as in the early 1980s. The reason is that high wage settlements would bite into profits rather than prices, because ERM membership rules out devaluation.

Exporters' worry

The parallels are, of course, inexact, not least because sterling is much less of a petrocurrency than it was a decade ago. It is true that oil price increases are still associated with an automatic tightening of monetary conditions through their effect on the exchange rate. But since the Gulf crisis began, sterling has shown a tendency to rise on days when the oil price has weakened and vice versa. Assumptions about the timing of ERM entry may well have something to do with that.

The worry for British exporters over the past month has been that events in the Gulf may coincidentally lead to Britain entering the ERM at a rate which they regard as uncompetitive, and that the market will not be allowed fully to correct the overvaluation once sterling is pegged between fixed bands. At the other extreme, those who see the ERM as the best hope for achieving stable prices fear that the Gulf crisis has given the Prime Minister one more excuse to plead the doctrine of unripe time. However plausible a case can be made for delay while sterling is subject to petrocurrency pressures, the priority for this group remains to join as soon as possible, while recognising that membership of the club will provide support if sterling confronts petrocurrency squalls.

Suggestions rebutted

If Mr Major has any sympathy with this argument he chose not to reveal it yesterday, when he firmly rebutted suggestions that sterling would join the ERM this weekend as European Community economic and finance ministers meet to deliberate on European Monetary Union. Once again he reiterated that when the conditions laid down at last year's Madrid summit had been met, he would make the appropriate recommendation to his colleagues.

The remaining unfulfilled condition relates to inflation; and Mr Major conceded that the retail price index for August would probably breach double figures. But he must also be acutely conscious that the data on domestic demand are becoming less confusing by the week. Bank lending is at last subdued and corporate profits this week have been dismal, with Wimpey seeing profits fall by three-quarters because of the depressed state of housebuilding. The CBI-Financial Times distributive trades survey also painted a much weaker picture of import demand. The retail sales figures for August, due on Monday, will provide a further, important guide as to the rate at which activity is slowing down.

The risk inherent in relying exclusively on monetary policy to control inflation has always been that it takes time to work and that crunch, when it comes, could turn into overkill. If the pound remains strong and the statistics confirm the slowdown, the temptation for any politician will be to deliver an interest rate cut around the time of the Conservative Party Conference in October. Yet an error of timing could cause Mr Major to win the conference and lose the election. The case for the ERM lies precisely in the fact that it makes such politically sensitive and economically difficult judgments about timing redundant.

Lionel Barber assesses US strategy in the Gulf on the eve of the Helsinki summit

America keeps all the options open

President Mikhail Gorbachev will want some straight answers when he meets President George Bush in Helsinki tomorrow.

After watching the biggest US military build-up since the Vietnam War take place less than 700 miles from his southern border, the Soviet leader no doubt feels entitled to a full explanation of Washington's intentions in the Arabian peninsula.

However oblique Mr Bush may choose to be, the overwhelming evidence suggests that Operation Desert Shield is still defensive in nature; the full military capability to launch effective offensive action against Iraq or Iraqi-occupied Kuwait remains, in the view of defence experts and informed officials in Washington, at least two months away.

This is a sobering thought, especially for those feverish spirits willing to stake money this week that the "snap" summit in Helsinki is the prelude to High Noon in Baghdad. According to their script, Mr Bush sought a meeting with Mr Gorbachev to deliver the message that US forces would move on to the offensive in the first week of October – a month before the mid-term elections, just as night temperatures in the Saudi desert begin to dip.

War might still break out sooner rather than later, but unless all the evidence from the Bush Administration over the past week is an elaborate smokescreen, it will be more by accident than design. Mr Richard Cheney, US Defence Secretary, admitted as much on Thursday, when he revealed that total US forces in the region amount to only 100,000 – implying that those on the ground in Saudi Arabia itself are considerably smaller. The build-up must continue, he said, because "the worst sin of all would be for us to deploy forces out there sufficient to get into trouble, but not strong enough to deal with any eventuality that may arise."

The one-day summit underlines the strength of the Administration's present commitment to collective action

In Desert Shield's initial phase, offensive talk was the best form of defence. Self-styled experts and brass hats appeared regularly on television to raise the threat of a "surgical strike" against Iraq; US air superiority assumed magical properties; and there was even speculation about a commando assault to liberate Kuwait.

Now that US ground forces are more secure, a more pragmatic tone has taken hold. General Norman Schwarzkopf, US commander in Saudi Arabia, held his first briefing for reporters and predicted there would be "no war unless Iraq attacks." Prince Sultan bin Abdul Aziz, the Saudi Defence Minister, declared that his country would not be "a theatre for offensive operations." Finally, Mr James Baker, US Secretary of State, told Congress this week to prepare for the long haul: "I think that over time, diplomacy can be made to work."

Even more intriguing, Mr Baker floated the idea of a new regional security system to contain Iraq, leaving open the possibility that President Saddam Hussein and his military machine might survive the present stand-off. This might not please influential Republican Senators such as Mr Richard Lugar, who argue that Mr Bush will have "lost" if Iraq's military machine remains intact, but Mr Baker's response reveals a sober-minded view of what can be achieved.

"This is not the last crisis of this nature that we are likely to face in this region," he told the Senate Foreign Relations Committee.

Mr Baker's trial balloon served to reassert civilian authority after the ascendancy of the military in August. The result is a broader debate, as people begin to distinguish between difficult short-term US goals (the withdrawal of Iraqi forces from Kuwait; the restoration of the legitimate government; the protection of American lives) and the far more complex long-term objective of dealing with Iraq as a regional superpower capable of possessing nuclear weapons in three to five years.

The one-day summit in Helsinki underlines the strength of the Administration's present commitment to collective action. Mr Bush seems unlikely to push Mr Gorbachev beyond his political limits. If the US President could have his way, the Soviets would pull out their 193 military advisers and some 1,000 other nationals involved in training, maintenance and other military-related work in Iraq – the remnants of Moscow's long-standing military ties to the regime in Baghdad.

But Mr Bush knows he is dealing with a superpower so weak as to be facing bread shortages in its own capital. In practice, he will settle for a joint declaration which removes any hope Mr Saddam might entertain about playing off the superpowers as a means of hanging on to his heist in Kuwait. The next logical step is to tighten existing UN sanctions, either through an air embargo or by seeking penalties

against countries such as Libya and Yemen, widely suspected of breaking the current embargo. (Jordan, because of its sensitive location, may be a special case).

The collective approach has proved successful because Mr Bush has rallied international public opinion with two persuasive arguments: that no country can sit back and watch a brutal, unpredictable dictator gain sway over more than 40 per cent of the world's oil reserves; and that aggression cannot be seen to pay in the post-cold-war era.

Yet the Administration still appears to have trouble adapting to an age where the Lone Ranger has to keep his gun holstered. The emphasis on "burden-sharing" to cover the US military operation amounts, for example, to an unnerving reversal of the Nixon Doctrine which, in effect, said: "Your boys will fight, but we'll pay." Now, it appears, a cash-strapped Mr Bush is saying: "Our boys may have to fight, and in any case you'll have to pay."

Working estimates within the Administration put the burden-sharing cost at about $23bn (roughly half of which would go to Desert Shield, with the remainder funnelled to countries hurt by the UN embargo and the rise in oil prices). The hardest hit are the "front-line states" such as Egypt, Jordan and Turkey; but others include the oil-dependent newly emerging democracies in eastern Europe as well as countries such as Pakistan and the Philippines. Mr Sam Nunn, Democratic Chairman of the Senate Armed Services Committee, predicts that if the embargo is maintained, the total sums required over the next 12 months – if the problems faced by eastern Europe are factored in – could be nearer $50bn.

Getting ready for High Noon in Baghdad? President Bush, top left; Saddam Hussein and King Hussein of Jordan; Gazelle helicopter

Can the US raise this kind of money? Apart from the wealthy Arab states, notably Saudi Arabia, rich industrialised countries such as Japan and West Germany are the obvious targets. Japan faces a severe backlash in the US Congress unless it comes up with more than the $1bn pledged to date; and while there may be sympathy for West Germany's need to pay for reunification, it will fast evaporate if American soldiers die in the desert as a result of German-supplied chemicals inside Iraqi weapons.

Sticking to a collective, medium-term strategy with military options on the back-burner also carries risks. It assumes Mr Bush can maintain the effectiveness of a UN embargo when historical evidence (Rhodesia) suggests otherwise. It puts a premium on that largely untested American virtue, patience; and, most important, it threatens to blur some of Mr Bush's original objectives.

The most obvious is the restoration of the Al-Sabah family. Already, the grumbling has begun on Capitol Hill about why the US is committed to restoring a ruling family in Kuwait some of whose members are temperamentally more suited to the European spa than to the front line. The Emir may rank as one of the more enlightened sheikhs, but he is no Charles De Gaulle. "The story Americans are watching on television has been all about hostages, refugees and the possiblity of starvation in Baghdad," said one senior congressional official, "but there has been very little about the Kuwaiti Government in exile."

In fairness, some of the activities of the Kuwaiti resistance remain secret, as part of the US-backed "covert operation" aimed at destabilising Iraq and weakening its hold on Kuwait. But unless the picture changes, the talk about cutting deals with Mr Saddam could easily spread from Arab capitals to Washington.

This week, for example, Mr Sol Linowitz, who served as President Jimmy Carter's special envoy after Camp David, put forward his own peace proposal. Among its components: Iraqi withdrawal from Kuwait and the release of all hostages; US withdrawal from the Gulf, leaving a token multinational military presence; and free elections inside Kuwait (but not for some reason Iraq).

Peace talk is one reason why Mr Baker – Mr Invisible for much of the past four weeks – surfaced in Congress to present his (admittedly sketchy) vision of a new regional security system made up of Arab states backed by the US. By raising the prospect of a long-term US military presence, Mr Baker finessed what Pentagon officials admit is their private nightmare: an Iraqi withdrawal from Kuwait which leaves Baghdad's military machine intact and raises Arab pressure for a US retreat.

Much about this putative Meto (Middle East Treaty Organisation) remains to be fleshed out. How would the envisaged multinational Arab alliance react to Washington's ties to Israel? How feasible is it to put the likes of Syria in bed with the Gulf emirates? What role is to be assumed by Iran, a natural strategic counterweight to Iraq? Why should a regional Gulf body be more successful than the ill-fated Baghdad Pact of the 1950s? Would an overt US military presence not have a destabilising effect throughout the Arab world?

The answer is that nobody one knows, though Mr Baker's testimony left few in doubt that a significant long-term US military presence will be part of any future Gulf equation. "There's no way we'll be out in a year's time," said Senator Daniel Patrick Moynihan, the New York Democrat, "Listen, we've been in Korea since 1950. We've been on the Rhine for almost half a century. That's the stuff of Roman legions."

The difference, of course, is that the US was, in most instances, prepared to extend nuclear guarantees to its allies, most of which were democratic governments. Would the same guarantee apply to its new, undemocratic friends in the Gulf; or would the US – backed by the Soviet Union – launch an ambitious programme of regional disarmament backed by enforceable nuclear non-proliferation pacts. If so, how would a nuclear-capable Israel respond?

These are just some of the issues which Mr Bush is expected to touch upon tomorrow. Yet he must also be keen to leave the Soviet leader in no doubt that the US will, if necessary, use force to achieve its objectives.

The circumstances which might trigger the military option remain unclear, though the obvious potential flash-points would be the killing of American hostages, a flare-up caused by the enforcement of sanctions, or Mr Saddam himself lashing out against US forces or Israel as the embargo tightens. What is clear is that Mr Bush, who has no desire to see thousands of American casualties, will have to wait before he is in a position to launch an assault for which at present there is no international or congressional mandate.

In two months, when the boys (and girls) fail to come home for Christmas and the UN sanctions have had a chance to work, the picture might look different. But having opted for collective action, Mr Bush knows he needs a very good pretext before he launches offensive action to remove Iraq from Kuwait.

MAN IN THE NEWS

Tony Blair

Faithful acolyte whose first task is done

By John Gapper

As Arthur Scargill stood at the rostrum of the Trades Union Congress this week denouncing fellow trade union leaders for betraying the principles and history of the labour movement, a blue-suited figure watched him benignly from the balcony of the Blackpool Winter Gardens. Tony Blair was observing the last piece of a complicated jigsaw falling into place.

Mr Blair has worked hard this year to make the 78 unions in the TUC accept that the world of the past has gone. Many have been more than willing to agree; a minority have suspected the style and politics of Labour's employment spokesman. When the figures were totted up on Monday, a final spasm of revolt from left-wing unions proved too weak to matter.

Employment has become an odd portfolio in political terms. For the Conservatives, it is now a junior Cabinet role. The flow of legislation since 1980 has been seen to tame the excesses of union power, and has reduced the importance of the Employment Secretary. But for Labour, the job remains vital and difficult because of the party's roots in the union movement.

Before getting the job last November, Mr Blair was regarded as a rising star in Neil Kinnock's leadership team. He entered parliament in 1983 and worked under Roy Hattersley as a junior Treasury spokesman; then he took on responsibility for the City in 1987. He handled Labour's attack on electricity privatisation before succeeding Michael Meacher at employment.

In each of these roles, the 37-year-old former barrister made clear and well-researched attacks on government weak points. He was an impeccable Kinnockite, not even tempted to step out of line with Labour's policy reforms. His youth, intelligence, belief in good presentation and politics were all elements the Labour leader wanted to promote.

Yet they exposed him to criticism on the left by those who disliked the new-style Labour Party. Mr Blair also suffered from not having a working-class background. He went to Fettes College public school in Edinburgh and read law at St John's College, Oxford. He only joined the Labour Party after leaving university in 1976 and becoming a barrister.

"I think the important thing about me and people like me in the Labour Party is that we were not children of the 1960s," he says. He means they have no sentimental attachment to Labour's past. For some time, Mr Blair was out of place in his various London constituency parties. The left was in the ascendant and his brand of politics was very unpopular.

By last year, they were back in the mainstream. In contrast, Mr Meacher was regarded by figures such as Peter Mandelson, Labour's director of communications, as too left-wing and vulnerable to union pressure. Mr Kinnock was dissatisfied with Mr Meacher's performance. He wanted it made abundantly clear that Labour was breaking with its past dependence on unions.

Although Mr Meacher had tried to forge a new approach to employment based on greater individual rights for workers, Mr Kinnock's circle believed he had not been strong enough in curbing union ambitions for more freedom under the law.

With the appointment of Mr Blair, Mr Kinnock had trusted deputies in place in the key economic shadow cabinet roles. Mr Blair complemented John Smith, the shadow chancellor, Margaret Beckett, the shadow chief secretary to the Treasury, and Gordon Brown, the Trade and Industry spokesman. But he still had to deliver the new understanding with unions Mr Kinnock wanted.

He set about the task using methods different from Mr Meacher's. Instead of regular meetings of Labour's policy review working group on employment – including a mix of union representatives – Mr Blair started defining what he wanted and then clearing it informally with a group of union leaders. He laid down an early marker of his style with a constituency speech.

The Sedgefield speech abruptly reversed Labour's support for the closed shop, which Mr Blair declared was inconsistent with backing for the European Social Charter. It caused uproar among craft and specialist unions such as the NGA print union and Equity, the actors' union. Both had traditionally relied on the closed shop to reinforce organisation.

"With hindsight, it might have been better not doing it that way," says Mr Eddie Haigh, assistant general secretary of the TGWU general union and the co-chairman with Mr Blair of the policy review working group. Relations with the NGA and Equity never recovered and there had to be some smoothing of ruffled feathers in other unions over the abrupt declaration.

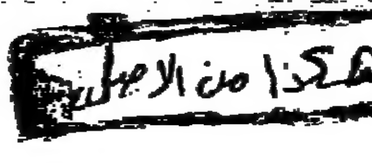
But the speech served two purposes. The first was to establish publicly that Mr Blair was capable of doing things unions did not like. The second was to stop him being forced on to the defensive in his debates with Michael Howard, the Employment Secretary. Mr Howard had accused him of inconsistency in supporting only the parts of the Social Charter that Labour liked.

Some of those who fell out with him then still believe he puts electoral popularity before political principles. "I felt he was breathtakingly open and honest about there being no chance of doing something that might jeopardise Labour's vote-getting even if he was convinced of the justice of it," says Mr Peter Plouviez, Equity's general secretary.

That is a charge Mr Blair denies vehemently. He talks instead of Labour creating a framework of employment law which gives individuals a series of rights in line with the Social Charter. Unions are enforcers of those rights, rather than bodies throwing their collective weight around. He sees this role for unions as being true to their 19th-century roots.

But it is a view opposed to Mr Scargill's – and to a lesser extent leaders of other left-wing unions. By this spring, Mr Blair had successfully started rallying most unions behind his views. He was helped by strong support from Mr Ron Todd, TGWU general secretary. Without the backing of the left-wing TGWU, Mr Blair strategy would have been at risk.

With enough unions behind him, Mr Blair was happy enough on Monday to watch Mr Scargill attack Labour and call for it to extend favours to the working class rather than strive for fairness to all. The vote that followed was a suitable public demonstration that Mr Scargill's views were now in a minority. Mr Blair's task for the past 10 months was done.



Taking the tiger by the tail

The Brazilian President talks to **Christina Lamb** about his 'economic revolution'

It was somewhat disappointing to find President Fernando Collor de Mello sitting stiff-backed at a desk like an ordinary head of state. This, after all, is the man with the master *plan for Brazil*, whose taste for theatricality leads him into pursuits ranging from jet-skiing to seizing 80 per cent of the country's assets on his first day in *office*.

After six months of playboy stunts and economic derring-do *the circus*, it seems, is over. In a nation used to ill-conceived and ill-fated economic plans, President Collor gained initial shock value by springing on Brazil what he describes as one of the bravest economic revolutions in history. But now, *with* every door leading towards recession, people are clamouring for tangible results.

Yet he appears untroubled. "We had just one bullet to fell the tiger and we hit it right on target," he says, referring to his crusade against *inflation*, which had passed 80 per cent a month when he took office in March. "*Now it has little* strength left." But at 10 per cent and rising, inflation remains stubbornly high. Efforts by the Government, business and union leaders to form a social pact reflect, perhaps, a realisation of the difficulties of *transforming one of* the world's most protected economies into a free market *after* a decade of *stagnation*.

Gone now are the long hair and motorcycle spins that accompanied President Collor's arrival in office. Behind the new, *statesmanlike approach* is a man facing mounting problems. Rising oil prices as a *result of the Gulf crisis* could, he says, "be very harmful, owing to the fragility of Brazil's situation."

An International Monetary Fund delegation has just left the Economy Ministry without signing a much-needed $1.4bn *stand-by facility*, though Mr Collor is confident in the direction the negotiations are going. Banners on the street outside advertise congressional elections in *three weeks which will* decide how smoothly his plan can progress. Next door, outside the Justice Ministry, striking workers are demanding rises of 274 per cent. On Mr Collor's desk, newspapers quote predictions by Federacao *das Industrias do Estado de* Sao Paulo, the main industrialists' association, that gross domestic product will fall a sharp 6 per cent this year.

But worry does not seem to be among the emotions Brazil's enigmatic President allows *himself to display*. "Obviously, with an economic programme as far-reaching as ours, there is a section *of the population* which, having lost its privileges, shows opposition to the plan."

He is referring to business and union leaders who, he believes, form the core of the opposition to his economic revolution. "I call them *savages*," he says. While the Government has maintained its prescription of *tight monetary policy* and de-indexing of wages from inflation despite considerable *legal* and *political opposition*, Mr Collor believes business and unions are conspiring to maintain informal indexation and thus high inflation.

"The resistance the tiger is offering is due to the inflationary culture still present in *some sectors*," *he says*. "With high inflation many businessmen could earn more from *financial* speculation than from productive work."

Ironically, most of these businessmen voted for Mr Collor, believing, on the basis of his conservative background, that he would be a lesser evil than Lula, the union leader he *narrowly* defeated. But President Collor had other ideas, amounting to what he describes as "an economic and cultural revolution." He insists "no economic compendium contains an adjustment plan as rigorous as this, not even the 1948 *reconstruction of* Germany ... neither the IMF, nor any banker, would dare impose such a far-reaching programme on any country in the world."

To his credit President Collor has refused to intervene in the suppression of the wide*spread strikes plaguing his* Government, leaving them to be resolved by individual companies and groups of workers. But he has no qualms about using old-fashioned authoritarianism to impose his liberal ideas.

He is a man of action who "most admires Winston Churchill then Margaret Thatcher," who uses presidential decree to implement those laws that cannot be guided through Congress. To many Brazilians he appears more like a general than any former *military* ruler, and they fear his autocratic tendencies may make him more comparable to Mussolini than to the swashbuckling Indiana Jones.

Collor de Mello: action man who takes aim at the economy

Mr Collor's personal and political discipline give the impression that he is method-acting in a role he was always meant to play – the helicopter by which he travels to his office to save time always arrives so punctually at two minutes to nine that his staff really do set their watch by it.

His greatest weapon, which could also prove his downfall, is his belief in himself. His National Reconstruction Party is tiny and his power base lies in the small north-eastern state of Alagoas where he was governor. His Government is a team of technocrats many of whom *did not vote for him*. They include a Turkish-born Central Bank Governor, a radical ecologist as Environment Minister and former communists as Economy Minister and head of Administrative Reform.

Most are young, like Collor *himself who is just 41. All* share the commitment to his mission, which he says is "to transform Brazil into a first world country. To do this we need to show we have the necessary credentials."

By these he means "balancing the budget, ending inflation, opening up to competition." He adds: "Foreign capital is fundamental [to the reconstruction of Brazil]. By changing the parameters of our *economy we are preparing the* ground to attract it and to help Brazil become a great exporting country, not just of raw materials but also of industrialised products."

This seems a remote dream. Thirty years of protectionism have left Brazilian industry outmoded, inefficient and over-staffed, having always been able to pass on costs to customers without fear of competition. Most do not welcome the opening up of Brazil, which President Collor insists "will mean better-quality products at lower prices."

Moreover, if Brazil is to *attract the foreign investment* it needs to help modernise national industry it must regain the confidence of the international financial community. Since June 1989 Brazil has had an undeclared moratorium on its foreign debt – at $120bn the developing world's largest. Arrears to commercial banks and the Paris Club are now $8bn, the size of the country's foreign exchange reserves. This year's budget projections assume neither interest nor a token payment will be made, a point which has not eased negotiations with the IMF.

Speaking to the Financial Times, President Collor took a more flexible line, saying for the first time that the notion of a token payment was "in discussion." He added: "We hope by the end of the year to have finalised these negotiations." He insisted: "We do not want confrontation [with the creditor banks], nor is that government policy. If Brazil wants to join the first world it cannot *take a unilateral decision not* to pay debt. That is a child's game, something not contemplated by this Government."

The creditor banks are not so sure. They see the Government's recent invitations to banks for one-to-one talks as a deliberate attempt to circumvent the Advisory Committee through which negotiations *are usually conducted*. Insisting "we are playing by the rules," President Collor said: "I want to redraw the parameters of this discussion. In the past it has always been too emotional on both sides, but the issue is essentially one point – someone who owes and someone who is owed to. There is a large space to negotiate. We should *sit at the table* and arrive at a common denominator."

Solving the debt problem is one of the hardest tasks in the mission President Collor believes he can complete in office. In 1993 there will be a referendum which he hopes will result in the adoption of a parliamentary system. He does *not rule out the possibility* he may then seek the post of Prime Minister. "There has been a lot of speculation about this, perhaps because I will be only 45 when I leave the presidency and will still want to be doing something."

There are no illusions that the Government is more than a one-man show. But President Collor laughs at the idea that he might feel vulnerable. "I would not feel isolated in power," he says, "because I get on well with power. I adore what I am *doing*."

He cites "hatred of noise" as one reason why he likes being President. But as recession bites and unemployment rises he is unlikely to be able to avoid hearing the shouts of protest in the streets. It is too early *to tell whether his mission* will succeed, but already he has made changes that would be hard to undo. Protectionism, for example, has taken on a different light to Brazilians buying imported video-recorders at half the price of local products. President Collor claims: "Already there is a palpable cultural change. Brazilians feel more proud, a little more secure despite the problems we are facing."

The Totnes fire

A devastating blow from the enemy of history

By Colin Amery

Tears were shed in Totnes last Tuesday when the very centre of the historic Devon town was badly damaged by fire. Suddenly and with no warning the people of this beautiful small town with a recorded past of *1,000 years* received a cruel reminder that fire is the enemy of history. A glance at the medieval street plan of Totnes shows how easy it is for flames to leap across the narrow streets and for fire to spread among the tightly packed timber framed houses.

Totnes was the best preserved Elizabethan market *town in England. The fire* struck at its heart – the crossing point of Fore Street where the famous Eastgate bridges the road. What is the extent of the damage? Inspection by experts from English Heritage, who have recently learned much from *the devastating* fire at Hampton Court in 1986, will reveal the possibilities for *reconstruction*.

The fire burned for three hours, and 100 firemen fought the blaze pumping extra water supplies from the River Dart. The whole of the upper part of the famous Eastgate, the symbol of the town, has been *destroyed. Much of this* structure was ancient, the foundations being medieval. But the arch *itself* with its crenellations, cupola and clock was an early nineteenth century remodelling over the Elizabethan timbers. In the Statutory list of Buildings of Special Architectural or Historic Interest it ranks as a starred Grade II, a *comparatively rare listing*. The serious loss is the interior of the room over the arch which had early sixteenth century linenfold panelling and a carved frieze taken from Berry Pomeroy castle.

On the south side of the *High Street* some *of the late* fourteenth century town defences have been damaged and the upper parts of several houses around the Eastgate have been totally destroyed. Most of the affected area was occupied by offices but nine *people needed to be rehoused*.

Mr Michael Carpenter, director of planning and housing for the local authority, South Hams District Council, has said the aim of any restoration work is "to strive for faithful and authentic replacement."

Totnes is not in the same league as Warsaw or Dresden in terms of the artistic significance of what has been lost. But there is a clear presumption in favour of rebuilding as before. *There is a strong feeling* in Europe that this is the correct approach. It is a sentiment that goes back to the sort of European sensibility that caused the Senate of Venice to impose a fine of 1,000 ducats in the fifteenth century upon anyone who even suggested rebuilding the surviving Byzantine part of *the Doge's Palace. It is also* the approach that has been applied to much rebuilding of war-damaged towns *in Europe*. More recently the experience of Lisbon after the fire in August 1988 is timely and comparable.

The fire in Lisbon struck at the packed seventeenth and eighteenth century quarter of *the city known as the Chiado*. Rebuilding is now about to begin following a plan drawn up by the distinguished Portuguese architect Alvaro Siza Vieira. He has examined the whole area that was damaged, some 9,000 square metres, and *has come up* with a plan that does more than just restore the fragment of the city. He decided, with much local backing, that it was essential to consolidate and retain the façades of the old buildings. But he did make radical and sensible proposals to change the uses of the area from primarily commercial to a health*ier* mixture of housing, commercial and leisure uses.

He faced the kind of difficulty that has historically faced every town that has had a devastating fire. First, owners can be difficult and simply demand reinstatement of what they *have lost with no* improvement. Wren's great plan for the City of London after the Great Fire in 1666 was frustrated by the demands of owners to rebuild on the existing property lines.

The second frustration is a *combination of planning* bureaucracy and the question of how much insurance companies are prepared to pay for. In Lisbon the estimates for the rebuilding come to about £30m. Funds were raised in an appeal and there will be contributions from Unesco and the European Community.

What is likely to happen in Lisbon is that *the character of* the area is likely to change and the whole section of the *city will smarten up*.

Elsewhere in Europe the rebuilding of cities has followed two differing routes. In Warsaw, complete reconstruction of parts of the city were carried out after the Second World War to create the feeling that the city had never been destroyed. Other eastern European cities have built *modern parts to replace* destroyed older sections. In East Berlin there was no question *of rebuilding the former* royal palace which was replaced by a modernistic political headquarters.

Romania is the extreme example of political destruction of the past, and no one *seems to be certain what style the rebuilding of the* recently damaged parts of Bucharest will take.

A small town like Totnes needs a rare skill: that of knowing exactly what to do immediately the fire has happened. One Sussex-based architectural practice, The Conservation Practice, was called in to deal with the aftermath of the fire that destroyed the National Trust house at Uppark. Its spokesman Barry Stowe says that the key to successful reconstruction is prompt detective work on the charred remains of buildings. The relics have to be both *examined and stabilised* as quickly as possible. Surveying and recording have to be carried out in a co-ordinated way and with a degree of speed. Fire has no mercy on brick, plaster or wood.

The combination of recent *experience learned from fires* at Hampton Court, York Minster and Uppark will certainly help Totnes to recover. Temperamentally the people of the town seem determined to rebuild the old buildings as they were. After all the inhab*itants of Totnes dress up once* a week in Elizabethan costume for the tourists. High-tech reconstruction is unlikely to be in demand in this damaged Devon town.

LETTERS

A-Z in manufacturing

From Mr L.J. Tolley.

Sir, In the period 1980 to 1984 manufacturing industry in the UK suffered a very serious decline. *This was caused* by high interest rates and an over-valued pound, resulting in closures and redundancies from which we have never really recovered – hence our present horrendous adverse trade balances.

All this is being repeated: manufacturing industry is expected to carry the burden of the attack on inflation (which should never have happened) through excessively high interest rates and artificially high exchange rates. All the efficiency and improved productivity and competitiveness achieved between 1984 and 1989 has been destroyed.

In such circumstances, it is useless to expect trades unions to settle for wages lower than inflation. People in manufacturing will *not* work for less, particularly when they see service industries, especially in the finance *sector*, *streaking* ahead of them, and "top people" in all sectors paying themselves salaries and other rewards far in excess of their performance and worth.

Furthermore, it is unrealistic for institutions like the Bank of England to state that price is no longer an important factor with exports. I can only suggest that they serve some time at the sharp end.

I fear that all this will result in more closures and more *redundancies* with the strong possibility that, this time, manufacturing industry may not recover. The consequence will be that we shall never again have a positive trade balance. We shall have committed economic suicide.

When will a Conservative government change the emphasis of its actions away from finance and the City of London towards manufacturing industry? We might then see inflation tackled in the right way, and the restoration of investment, development, and growth in wealth creation.

This month I retire after a 60-year career in manufacturing. The first 45 years were exciting and rewarding, full of expansion, development and growth, and the satisfaction of making things well – not only for the UK but for the world. The past 15 years have seen *the management* of decline – with all its frustrations, and not a little despair.

For the sake *of those* who are to follow, I hope that attitudes to manufacturing industry will change back again.

Leslie Tolley,
Excelsior Industrial Holdings,
Whitelands Road,
Ashton-under-Lyne, Lancashire

The effort to make efficient use of timber

From Mr David Puttnam.

Sir, Charles Batchelor's recent article describes Hooke Park College as "an experiment to exploit craft skills on an industrial scale," and refers to "an idealistic environmental mission" (August 7).

In reality, the college is setting itself a much broader remit, based on the premise that Britain presently imports 90 per cent of its timber resources *despite* possessing enormous renewable resources in its neglected woodlands.

The purpose of the college is to research, develop and teach industrial technologies which make efficient use of indigenous timber. In so doing it will train young entrepreneurs who can revitalise rural communities by exploiting the hidden potential of those resources.

There are enormous implications here for the environment, for social policy and for the timber industry, as Hooke Park College constantly breaks new ground in developing untried uses for small roundwood in building construction, furniture making and so on.

"Thinnings" – the immature trees *felled* during forest management – at present command low prices, finding use only as pulp, firewood or pallet timber. The college's aim is to "add value", increasing the standing value from between £3 and £5 a tonne to *between £500 and £5,000 a* tonne at wholesale prices.

On this basis, woodland owners, with the help of Hooke Park College-trained entrepreneurs, have the opportunity to exploit their neglected resources, reviving rural economies, creating jobs, and conserving the environment.

David Puttnam,
Enigma Productions,
Pinewood Studios,
Iver, Buckinghamshire

Heritage exhibitions deserve serious scholarship

From Mr John Sunderland.

Sir, Tim Burt was right to draw attention to the scandalous, often spurious portrayal of history that has beset the heritage industry (August 18-19). Sadly, many people have replaced accuracy with a mish-mash of so-called historic events reshaped and in some cases rewritten to guarantee commercial appeal.

As the project designer of Jorvik, the Viking exhibition in York, I have watched with regret as poor and often unrecognisable "copies" have sought to stimulate the same kind of success.

Since then, Dover District Council has brought together experts to ensure that "The White Cliffs Experience" is painstakingly researched and monitored. Professor Barry Cunliffe, a UK expert on prehistoric and Roman archaeology, and chairman of Dover's Archaeological Advisory Board, is associated with the project.

Let me assure Tim Burt that we do not presume a licence to interpret history. The results of The White Cliffs Experience development are being achieved through years of exhaustive research work and documentation. It opens in spring 1991. We seek to set a new educational concept in this country with integrity, value and honour.

John Sunderland,
John Sunderland Design,
Troutsbeck House,
Main Street, Allerston,
Pickering, Yorkshire

A different kind of scandal

From Mr J.L. Vietur.

Sir, I write to object strongly to Richard Lambert's article ("Three centuries *of City* scandal," Weekend FT, September 1), in which he associates Mr Ernest Saunders, the former chief executive of Guinness, with *various* notorious frauds in the City of London's history.

May I point out that Mr Saunders has profited by not one single penny? This fact was acknowledged in the judgment against him. Indeed, no order for costs was made because he has no assets from which to pay.

The other persons with whom Richard Lambert wrongly associates Mr Saunders were the occasion of loss to their investors at the time.

Guinness, in contrast, progressed from 50p a share when Mr Saunders assumed office to about 650p today.

This ailing, single-product company was transformed into a thriving international drinks company through the vision and the enterprise of Mr Saunders.

Many have benefited directly. Sadly, the architect of all this is convicted, *inter alia, for theft from* the very organisation he built up at the cost of personal ruin, and without a penny piece to show for it.

An odious and nauseating *stench of righteousness* now issues from a third-rate British "establishment" – which admires and extols the monkey in the market place, let loose *to grab* what it can. No lessons are to be learned from this ignominious and sanctimonious source, which is now running scared (while expect*ing to* be paid its usual largesse).

The hope must be that Mr Saunders will be resoundingly vindicated on appeal. I will be *among* the first to cheer.

J.L. Vietur,
151 The Square,
Midhurst, West Sussex

'Pensioners take on Lord Hanson'

From Mr John Davis.

Sir, The Hanson manoeuvre to persuade members and pensioners of the "closed" Tobacco Fund to transfer their assets and interests to the retirement benefit scheme, which is "open" to associated companies of Imperial (that is, Hanson subsidiaries), has a familiar look about it.

Leveraged deals are remarkably similar whether they involve the assets of companies or a pension fund.

Eric Short reports that, prior to the Hanson acquisition in 1986, the Imperial Tobacco pension fund was "one of the best in the private sector," with an exceptional financial performance, a management providing generous benefits, and pen*sions broadly* in line with inflation ("Pensioners take on Lord Hanson" August 18).

In the three years before acquisition, Imperial contribuuted *£29m to the* Tobacco Fund, and employees paid £11.4m. Since acquisition, Hanson has contributed a mere £0.47m, whereas employers paid £6m.

In the 1989 annual report, on page 53, Hanson notes the market values of pension schemes in the UK at £1.5bn; in the US at £0.3bn. What is not revealed is that the Imperial Tobacco pension fund is valued at £1.16bn (Imperial Tobacco pension fund report, January 1990, page two), 77 per cent of all UK funds, 64 per cent of all funds.

But a debate on indexing arrangements and pension surpluses must *not* obscure the principal issue. The fundamental concern must surely be for the long-term security of pensions, and the ability of Imperial Tobacco *to* meet its pension obligations.

As well as making acquisitions, Hanson also makes disposals (sometimes with assets *diminished*), *quite often* to managements. Imperial Tobacco, with its pension fund, is the last remnant of the Imperial Group which Hanson *acquired through the support* of institutional investors and, ironically, pension fund managers. Should Imperial Tobacco not be able to produce the *acquired cash flows* and profit contributions in the future, it would have to go. Dismantling of the company is already under way and the pension fund under threat, for the Hanson philosophy *is* precise and performance standards are exacting.

Pensioners, and indeed others, should ponder whether to:

- stay in the Tobacco Fund closed for their protection from Hanson; maintain contact with assets which have been provided for their exclusive benefit and the security of pensions, but expect no concessions from Hanson; or:
- transfer *their assets*, and surrender part of their pension to Hanson for the potential benefit of enhanced indexation guarantee, but lose contact with *their assets within an* "open" fund which Imperial Tobacco, through Hanson, is the originating sponsor but may subsequently have a sub*ordinate status and may not*, on a future disposal, remain a participating member.

John Davis,
21 Wychwood Close, Langland,
Swansea, Wales

Saatchi shares fall as dividends are omitted

By Andrew Bolger

SHARES IN Saatchi and Saatchi fell sharply yesterday after the troubled communications company announced that it was unable to pay preference dividends due in October.

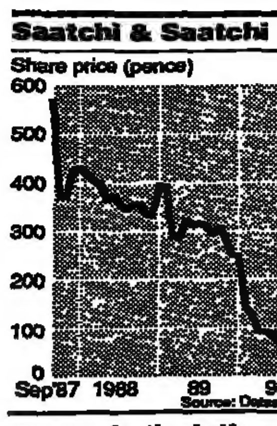
Saatchi also confirmed that it would be unable to pay dividends on its ordinary shares, due early next year.

The distributable reserves from which dividends would have been paid have been wiped out by writedowns arising from disposals by the debt-laden group of its management consultancies.

The 6.3 per cent preference shares concerned fell by 7p to 16p after the announcement. Saatchi's ordinary shares closed 12p lower at 51p. At that level the company has a market value of £82m, compared with its peak over over £1bn in 1987.

A company spokesman said the distributable reserves has been wiped out by writedowns totalling £100m, representing the difference between the value of the management consultancies in Saatchi's books and the sums obtained for them.

Saatchi has been dogged by the poor performance of its management consultancies, which it put up for sale last



summer. In the half-year to March, the companies made a loss of £700,000, compared with profits of £8m in the corresponding period.

In June, Saatchi sold the Hay Group, the largest of its management consultancies, to a management buy-out team for around $80m (£42m). Hay was bought for $110m in 1984 when the Saatchi brothers, Maurice and Charles, were building their communications empire.

Saatchi has since sold Peterson, a legal consultancy in Chicago, at a significant loss. It paid a total of $116m for Peterson since its acquisition in 1987, and sold it for an initial sum of $2m and royalty payments over 10 years of at least $20m.

Saatchi had considered paying the preference and ordinary share dividends due out of its special reserves of £566m, but to do so it would have had to buy out the holders of its 6 per cent convertible loan stock, whose covenant gives them a prior claim on the special reserves.

The company could have bought out the unsecured loan stock at a small discount to its nominal value of £6.2m and paying the October preference dividend would have cost it a further £4.2m.

However, Saatchi decided that it would not be prudent to use cash for this purpose. It is concentrating on maintaining dividend payments to holders of its much larger issue of 6.75 per cent convertible preference shares, whose covenant does not restrict their access to the special reserves.

The group, which has been hit by the slowdown in UK advertising, said it intended to resume the payment of dividends on all classes of its capital as soon as it was practical to do so.

See Lex

Larry Goodman disposal thought to be imminent

By Maggie Urry and John Maher in Dublin

GOODMAN International, the heavily-indebted beef processing group owned by Mr Larry Goodman, the Irish businessman, is thought to be close to selling its 68 per cent stake in Food Industries, the quoted dairy, grain and malting company.

The sale will trigger a bid for the outstanding 32 per cent of the shares under takeover rules.

Analysts in Dublin estimated that the company had a break-up value of up to I£65m. However, most conclude that it has a value of between I£50m and I£55m.

There are hopes that an international auction could push the price to between I£80m and I£90m.

These estimates compare with a market value, based on yesterday's 135p share price, of I£52m. At their high for the year the shares were trading at 335p but problems in the dairy industry have undermined their value and they fell to a low of 110p last month after Mr Goodman first acknowledged the depth of the problems

The sale of the stake is one way in which Mr Peter Fitzpatrick, the examiner appointed last week by the High Court to report on the viability of Goodman International, can raise funds to offset the I£460m of short-term debt Goodman International owes and the I£200m of bank guarantees.

Wide publicity about Mr Goodman's plight since he began discussions with his bankers two weeks ago, has attracted many bidders for Food Industries.

NCB Corporate Finance was appointed 10 days ago to advise Food Industries on the bid approaches.

Interest is understood to have been expressed by groups from North America, Europe, the UK and within Ireland. About six or eight are thought to have made firm offers for the whole group, although many more approaches to buy parts of the business were received. Bidders from outside Europe see Food Industries, which is small by international standards, as a foundation for a European agri-business, the purpose for which Mr Goodman had originally intended it. Potential buyers will be anxious that minority shareholders also accept the bid and are likely to seek a board recommendation for any offer. A buyer of the whole group may afterwards sell part of the business.

The news may give a lift to hopes that Goodman International can remain viable. The business, which has virtually no trading links with Food Industries, continues to trade normally under the protection of the Court and is being run by Mr Goodman. The examiner has until October 10 to report to the Court on whether it is financially viable.

The group's problems became public when the Gulf crisis stopped payment of I£180m due from Iraq for beef supplied. However, Goodman had also been affected by the delay in an expected I£100m order from Iran, which it had hoped to win.

The Irish department of Agriculture is arranging a trip by Mr Michael O'Kennedy, the Irish Agriculture minister, to Iran to reassure the Iranians about BSE or mad-cow disease.

The trip is hoped to take place within a week as the Irish beef industry is reaching its peak slaughtering period when 45,000 to 50,000 animals are killed each week.

The CBF, the Irish Livestock and Meat board, says the meat processing companies have sufficient credit lines to cope with the slaughtering season. Any meat which cannot be sold on the open market can be sold into the EC intervention system. Mr Goodman instituted the practice of paying Irish farmers for their cattle on the day they are brought to be slaughtered. The examiner is continuing this arrangement.

In the UK, where a Goodman International subsidiary, Anglo Beef Processing, slaughters 10 per cent of the cattle killed, the practice has been for payments 10 days after delivery, and this is also being continued.

Larry Goodman – acknowledged depths of problems last month

Laird holds its ground at £22m but shares dip 11p to new low

By David Owen

A NEAR halving of net interest payable has enabled Laird Group, the car parts, packaging and building products company, to show a 7 per cent rise in interim profits from from £20.2m to £21.6m in 1989.

Excluding interest, trading performance was flat at £23.5m (£23.7m), although the year-ago figure included £1.8m from discontinued businesses.

Turnover was virtually static at £252.5m (£256.2m). The shares, apparently unsettled by the group's caution that "current uncertainties are bound to affect trading conditions", tumbled 11p to 195p, a low for the year.

Earnings per share fell from 14.3p to 13p, reflecting the effect of last year's £35m rights issue made partly to fund the acquisition of 65 per cent of US-based Panel Prints.

Extraordinary items amounted to only £565,000, against £11.2m in the six months to June 30, 1989. The latter figure comprised the net surplus on the disposal of the group's transport systems division and three other subsidiaries.

During the course of the 1980s, Laird sold substantially all of its original mechanical engineering businesses, with Metro-Cammell, one of the best known names in railway rolling stock, being the last to go.

By division, the best profit advance was achieved by service industries, which comprises the group's US packaging and plastics distribution and UK membrane switch and computer services businesses.

Profit before interest and taxation climbed to £5.3m (£3.9m). The company said that new computer services customers had been attracted.

Profits at Sealing Systems, which supplies car body seals to the European automotive sector, edged up to £10.2m from £9.8m in 1989.

The group said that engineering development costs were running at "exceptional levels" ahead of the supply of seals for new cars to be launched in 1991 and 1992. Industrial products, a supplier of moulded rubber and plastic components to the French automotive industry, experienced a marginal decline in profitability from £8.3m to £8m.

An interim dividend of 4p (3.9p) is declared.

● COMMENT

With automotive sector stocks so out of favour, Laird could have chosen a better time to be burdened with abnormally high development costs. Nonetheless, nothing appears to be too badly awry – the group expects its first-half level of trading activity to be maintained for the second six months – and yesterday's share reaction was probably overdone. Certainly, its high level of exposure to continental Europe is something that many rivals would presently envy. The reduction of debt, albeit at the cost of earnings dilution, was also well-timed. Assuming full-year profits of £43m-£45m, the prospective multiple of about 7 appears relatively undemanding. That said, the shares are unlikely to move anywhere fast until current investment begins to bear fruit. That could mean waiting until the new Opel Kadett and VW Golf come to market.

Alan Sugar takes stake in Betacom

By Alan Cane

Mr Alan Sugar, founder and managing director of Amstrad, the personal computers and consumer electronics group, has invested about £160,000 to take a 3 per cent share in Betacom, a small London-based developer and distributor of telephones and associated telecommunications equipment.

Mr Dennis Baylin, Betacom's founder, said he believed it was a personal investment based on the fact that Betacom's share price valued the company at about £4.5m while its net assets were in excess of £9m. It was a small sum for somebody of Mr Sugar's resources, he said.

Mr Baylin said that he and Mr Sugar were friends although they did not discuss business in detail. They had not talked about the possibility of synergy between Betacom's telephone activities and Amstrad's consumer electronics operations.

Amstrad has developed and launched a large number of new products this year as it recovers from difficulties which hit profitability and depressed its share price last year.

Mr Sugar is abroad and was not available for comment yesterday.

Betacom's share price rose 6p to close at 21p

Linacre in firing line at Caird

Mr Peter Linacre, chairman of Caird Group, has tried to repair the damage caused by its disappointing profits.

At two meetings with institutional shareholders and stockbrokers, Mr Linacre took responsibility for the unpleasant surprise they received when Caird reported 12 month profits of £5.49m against forecasts £3m or more higher.

One bone of contention is the £2m-plus of property profits which Caird had originally intended to include within trading results but then decided not to, causing the shortfall.

Questions were raised, moreover, about the central management control over the company's waste disposal operations.

Correction
Mr Dan Wright

Mr Dan Wright, whose appointment as president and chief executive of Abekas, the Carlton Communications subsidiary, was reported in Tuesday's Financial Times, was not, as stated head-hunted directly from Grass Valley Group, a company he left three months ago.

Mr Wright had been a vice-president of Tektronix, the parent company of Grass Valley, and general manager of its communications group, which included Grass Valley.

LIT returns to profits of £0.8m and reorganisation underway

LIT HOLDINGS, the transatlantic futures clearing and corporate finance group, reported a pre-tax profit of £800,000 in the six months to June 30. The figure compared with £6.1m in the first half of the previous year and a loss of £1.8m for the full 12 months.

The directors of the company, which suffered losses of $9m by three Chicago traders last year, said that good progress was being made with its programme of rationalisation and reorganisation.

Net central debt had been cut from £51m at December 31 to £29m at the end of the period. This had been cut by a further £1m since then.

Shareholders funds over the same period improved from £1.2m to £2.7m.

Directors added that the group's bankers had been supportive and had recently extended loan repayment dates. All relevant subsidiaries were in compliance with the capital requirements of their respective regulatory authorities.

Although the first half profitability was seasonally stronger new business had been obtained recently by LIT America and this should have a favourable effect.

There was still a deficit on distributable reserves preventing the payment of dividends on both ordinary and preference shares. On September 30 when the preference dividends would be six months in arrears holders would become entitled to one vote per share.

In the futures and options market services division LIT America (LITAM) contributed £700,000 of which £360,000 was included in exceptionals. It had to contend with problems resulting from the October 1989 market maker defaults, lower volumes in certain markets and problems of client and counterparty confidence exacerbated by the failure of Drexel Burnham Lambert.

In London LIT Futures achieved improved results and made a small contribution.

The results of financial services reflected much lower Business Expansion Scheme funds being raised than in the previous year. Enterprise Zone fund-raising however produced an excellent outcome.

Group operating profits of £1.9m (£8.5m) were made up of futures and securities £400,000 (£5.2m), corporate advisory services £1.3m (£2.3m) and personal advisory services £200,000 (£1m). There were exceptional profits this time of £600,000.

Attributable profits were £800,000 (£4.1m) for earnings per share were 0.2p (6.4p). There were extraordinary profits of £700,000 against a charge of £2.2m. Dividend payments last time took £2.8m leaving a loss for the period £900,000. There was a profit this time of £1.5m.

Brammer falls slightly to £6.5m helped by interest received

By David Owen

BRAMMER, the industrial services group, reported a marginal fall in interim profits in spite of a near £500,000 improvement in its net interest charge position.

Pre-tax profits dropped 3 per cent to £6.5m (£6.73m) for the six months to June 30, on turnover of £63.4m (£60.3m).

At the operating level, the decline in profits was steeper at just in excess of 10 per cent. The Cheshire-based company was assisted by £255,000 of net interest receivable, compared with a charge of £231,000.

Mr Jon Foulds, chairman, said that the company had seen no signs of improvement in our UK market. He is to hand over to Mr Hugh Lang, executive chairman of P-E International.

Gross margins and operating profit at BSL, the bearing and transmission product distributor and the group's principal subsidiary, were maintained on its highest turnover. However, profitability at the company's equipment rental business was impaired by market conditions in the UK and the cost of Italian investment.

Both Precision Engineering Services and Master Pumps, the US pump distributor, turned in improved performances. Knock-on benefits at Master Pumps from the run up in oil prices are anticipated.

Mr Robert Ffoulkes-Jones, chief executive, said that Brammer was now considering how best to expand BSL's activities in continental Europe after the unit's extensive investment programme.

"In due course, acquisitions will be the route to go", he said. Any purchases were likely to be relatively small, however, owing to the fragmented nature of the European distribution sector.

Earnings per share, which were affected by a higher effective tax rate, slipped to 9.5p from 10.2p in 1989. The interim dividend was maintained at 4.5p.

● COMMENT

Over the past five years, it has become almost an article of faith in the City that taxable profits at Brammer will come in at between £11.5m and £13.5m. With the economic cycle working against the company, it looks like this year will be no exception. This leaves the shares looking a touch pricey on a prospective multiple of getting on for 9 – notwithstanding the strong dividend yield. With its 300,000-item product range and plethora of small, spur-of-the-moment transactions, Brammer is by nature a good barometer of economic activity, however. This, coupled with its strong balance-sheet and heavy investment in computer-based information systems, should mean that the group is well-placed to cash in quickly when conditions improve.

Stoll Moss may sell 6.6% RUG interest

By Andrew Hill

Stoll Moss Theatres, part of the late Mr Robert Holmes à Court's business empire, may find it difficult to sell its 6.61 per cent stake in Really Useful Group after October 5, when shares in Mr Andrew Lloyd Webber's quoted vehicle will lose their Stock Exchange listing.

The composer launched a bid to take RUG private in February, and shortly afterwards Mr Holmes à Court started buying shares. The Australian businessman, who controlled 13 West End theatres through Stoll Moss, was interested in buying the Palace Theatre, an RUG asset which Mr Lloyd Webber originally said was not for sale.

However, the unexpected death of Mr Holmes à Court last weekend has fuelled speculation about the future of the Stoll Moss stake, and the other West End theatres owned by the group. Heytesbury, the parent company, is now under the control of the Australian's widow, Janet, and eldest son, Peter.

Mr Lloyd Webber's advisers had built up a rapport with Mr Holmes à Court and his son, but although there have been no discussions with Stoll Moss since the weekend, they now believe the group's enthusiasm to pursue negotiations may wane.

The composer controls 92 per cent of RUG, which owns the copyrights to his recent musicals. Jorraban, the buy-out vehicle, is offering remaining RUG shareholders – of whom there are about 700 – the opportunity to sell at the offer price of 233p-a-share without incurring dealing expenses before the shares are delisted.

City & Commercial

Net asset value per £1 capital share of City & Commercial Investment Trust stood at £16.71 (£17.35) at end-July 1990. Gross revenue for the half year to July 31 totalled £1.37m (£1.19m).

After-tax revenue worked through at £929,000 (£813,000), equal to earnings of 3.93p (3.44p). The interim dividend rises to 3.88p (3.44p).

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Am't Paid up	Latest Renunc. Date	1990 High	1990 Low	Stock	Closing Price p	+or -	Net Div	Times Cov'd	Gross Yield	P/E Ratio
-	F.P.	-	131	106	ABI Leisure 10p	106		R4.7	3.3	5.9	6.9
-	F.P.	-	7½	4	Bassett & Fountain Wts.	7		-	-	-	-
-	F.P.	-	46	35	Exp Co of Louisiana Wts	45		-	-	-	-
2	F.P.	-	2	½	Finlan Group 1p	½					
-	F.P.	-	14	6	Fisher (Albert) Warrants	7½		-	-	-	-
†	F.P.	-	75	43	Golden Vale Ir1p	46		aQ158%	5.1	3.2	8.4
100	F.P.	-	98	86	Jupiter Euro Inv Trust	86		-	-	-	-
-	F.P.	-	38	28	Do. Warrants	28		-	-	-	-
§100	F.P.	-	116	106	‡Lavercrest 5p	106		R4.05	2.4	5.1	8.5
-	F.P.	-	44	18	Lucas Inds. Warrants	19	+½	-	-	-	-
-	F.P.	-	22	20	‡MMI 1p	22		1.0	2.4	6.1	8.5
96	F.P.	-	100	90	Malvern UK Index Tst.10p	97	-1	-	-	-	-
-	F.P.	-	7	4	‡Oliver Res Warrants	6		-	-	-	-
†	F.P.	-	17	12	‡Paramount 2½p	12½	-¼	-	-	-	-
-	F.P.	-	31	21	Paribas French B Wrnts	25		-	-	-	-
100	F.P.	-	90	87	River & Merc Smaller Co	89	-1	K3.75	-	5.6	-
-	F.P.	-	26	21	Do. Warrants	25		-	-	-	-
130	F.P.	-	156	143	Seton Healthcare 10p	146		L3.75	2.2	3.4	13.0
§100	F.P.	-	102	93	Siam Select. Growth Tst.	96		-	-	-	-
-	F.P.	-	38	28	Do. Warrants	33		-	-	-	-
-	F.P.	-	43	28	Southend Prop Warrants	28		-	-	-	-
100	F.P.	-	101	99	TR European Growth Tst	101		K1.0	-	1.5	-
40	F.P.	-	43	40	Do. Ptg. Sub. 1p	41		-	-	-	-
-	F.P.	-	6	1½	‡Tullow Oil Warrants	3½	-½	-	-	-	-
-	F.P.	-	208	155	Turkey Trust	188		3.2	1.2	2.3	45.0
-	F.P.	-	75	68	Do. Warrants	73	+3	-	-	-	-
42	F.P.	-	2¼	1½	‡United Energy 1p	1½	-¼	-	-	-	-
42	F.P.	-	2	½	‡Do. Warrants	½		-	-	-	-

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1990 High	1990 Low	Stock	Closing Price £	+ or -
101.73	F.P.	-	103½	100	Anglian Water 5¼pc Index-lnk Ln 2008	103½	
100	F.P.	-	101	80	‡Bluebird Toys 12pc Cv. Uns. Ln. 2005	85	
‡	F.P.	-	87p	65p	European Leisure 8.75p (Net) Cv Rd Pf	66p	+1
‡	F.P.	-	49½	45½	Expl. Co. of Louisiana Ser. A Cv Pf	49½	
100p	F.P.	-	115¼p	96p	Hepworth Cap Fin. 11¼pc Cv. Bds 2005	104p	
100p	F.P.	28/9	102p	95p	Perkins Foods 8p (Net) Cv Rd Pf	95p	-1
‡	F.P.	-	90p	81p	Rank Org. 8.25p (Net) Cv Cm Rd Pf 20p	83p	-1
100p	F.P.	-	109½p	107p	Reckitt & Colman 9.5pc Cv Bds 2005	109½p	+1½
100	F.P.	-	107¾	101¼	Tesco Capital 9pc Cnv. Cap. Bd. 2005	105¼	
100p	F.P.	-	105p	80p	Wyndham Group 9.375pc Cm. Pf	80pxd	-5
-	F.P.	-	55p	35p	York Trust 8.5p (Net) Rd.Cv.Pf 20p	36p	

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1990 High	1990 Low	Stock	Closing Price p	+ or -
20	Nil	13/9	¾pm	½pm	BDA Hldgs 10p	¾pm	
18	Nil	11/9	¾pm	¼pm	Broad Street	¼pm	
30	Nil	2/10	¼pm	¼pm	‡FDefax 5p	¼pm	
50	Nil	18/9	1¼pm	¼pm	Gardiner Group 5p	1pm	
110	Nil	15/10	¾pm	¼pm	Kingston Oil & Gas 50p	¼pm	
220	55	23/7	86	55	Ratners	58	
2	Nil	-	½pm	¼pm	‡Regina Health 2p	¼pm	
14	Nil	10/10	4pm	3pm	S.L. Group 5p	3pm	-½
180	Nil	18/9	4pm	¼pm	Tellus 20p	1½pm	
16	Nil	25/9	2pm	¼pm	Wentworth Intl. Grp. 10p	¼pm	

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. q Earnings based on preliminary figures. s Dividend and yield exclude special payment. s Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1990-91. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1990. N Dividend and yield based on prospectus or other official estimates for 1989/90. Q Gross. R Forecast, annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ψ Issued by tender. ‡ Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. †† Reintroduction. ‡ Unlisted securities market. * Third Market. ◊ Issued in connection with reorganisation, merger or takeover.

TRADITIONAL OPTIONS

- ● First Dealings Aug. 28
- ● Last Dealings Sept. 14
- ● Last Declarations Dec. 6
- ● For settlement Dec. 17

For rate indications see end of London Share Service

Calls in Brent Walker, Cookson, Dewey Warren, Ford Sellar Morris Props., Intl. Business Comms., Kenmare Res. and Next. Puts in Brent Walker, Polly Peck and Speyhawk.

Mr Cube goes for another spoonful of sugar

Clare Pearson looks at Tate & Lyle's hopes for winning British Sugar at the third attempt

TATE & Lyle's announcement yesterday that it had submitted a proposal for the acquisition of British Sugar marked its third appearance at the negotiating table for the beet sugar refiner.

Evidently, Tate is concerned that this may mark its last chance to put the business together with its own cane sugar refining operations: a combination it has been craving since the mid-1980's.

This is because the formal auction of British Sugar, up for disposal along with all the other assets of Berisford International, the troubled commodities and property group, began officially yesterday with the dispatch of an information memorandum to interested parties.

Mr Neil Shaw, Tate's chairman, said: "We now want to know as quickly as possible whether we can sit down at the poker table."

British Sugar first escaped Tate's grasp because the Monopolies and Mergers Commission blocked an offer in 1987. Two months ago, Tate itself actually walked away from a mooted offer for Berisford, the group of which British Sugar forms by far the largest part.

But there is no contradiction between this and yesterday's announcement – indeed, Tate's withdrawal at the start of July could possibly have been tactical.

Berisford's share price then stood at above 100p; yesterday, they closed unchanged at 40p. Days after Tate's announcement the company reported a loss, after extraordinary provisions and write-offs mainly relating to its property interests, of £144.5m. At the same time, potential buyers of British Sugar were relieved of the obligation to buy the whole group because Berisford said it would sell any of its assets.

Given the circumstances of the auction, Schroders, the merchant bank running it, will clearly be paying particular attention to the speed with which a bidder can move. That is the reason why Tate announced its takeover "proposal" yesterday: to get the regulatory wheels in motion.

Mr Shaw said that in making the announcement Tate had also borne in mind the fact that new European Community merger regulations are due to come into effect on September 21. Brussels will then be responsible for large mergers where two parties have combined world turnover of more than Ecu5bn (£3.5bn) and both have EC turnover of Ecu250m; unless both companies achieve more than two thirds of EC turnover within one member state.

A combination of Tate and British Sugar would fit these criteria. Mr Shaw said Tate was concerned that the EC might drag out its deliberations, while the Monopolies and Mergers Commission should be able to move much more quickly as it had already been scrutinising the merger proposal for about a month when Tate pulled out.

Additionally, Mr Paul Lewis, Tate's finance director, said: "We think this is a UK matter and should be dealt with by UK authorities, who understand it."

Even so, the UK regulatory authorities will have to move fast if Tate is to avoid Brussels. Mr Shaw said that for that to happen Mr Peter Lilley, the Trade and Industry Secretary, would have to announce before September 21 whether he was making an MMC referral.

In making its announcement yesterday, Tate also indicated that anti-competitive practices which it said in July it had uncovered in its cane sugar business – thus causing some concern in the market – had not turned out to be significant enough to jeopardise its chances of clearance.

Even so, the MMC rejected an earlier offer by Tate for Berisford in 1987 and one analyst said yesterday he still rated Tate's chances of clearance as "not better than one in three."

Nevertheless, Tate's reappearance as a bidder triggered a sharp fall in the share price of Associated British Foods, the milling and baking group, yesterday. ABF had said it was interested in buying British Sugar and the other food interests immediately after Berisford's results, and there had been hopes in the market that it would find picking up British Sugar an easy task.

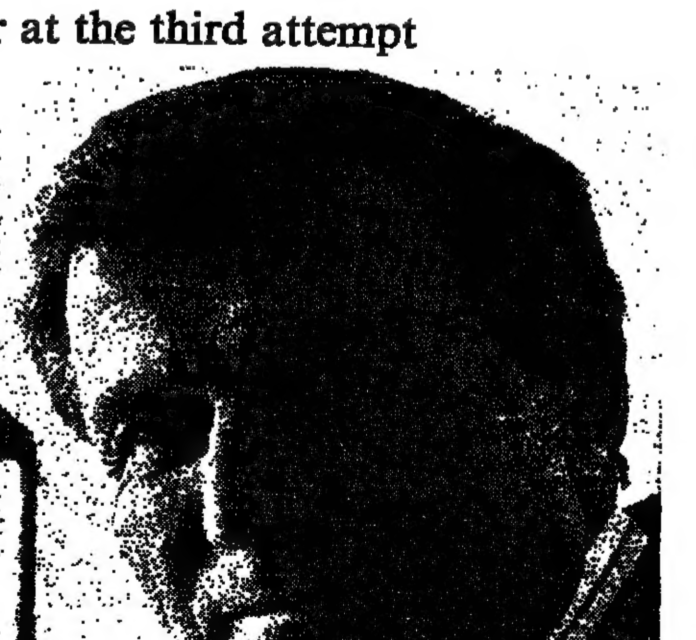
Three years ago ABF became the only company ever to have gained clearance to own British Sugar with a bid for Berisford which it dropped when the stock market crashed. Its sales profile is such that an offer would not be expected to fall under Brussels' scrutiny.

As for other potential bidders, according to Schroders interest has come from "all over the place", although the information memorandum is only going to those people who are "serious potential bidders".

Companies that have been mentioned as possible bidders include Ferruzzi, the 53 per cent owner of Eridania, the Italian sugar group, which in turn has 60 per cent of Beghin-Say, a leading French sugar producer.

However, a bid from Ferruzzi was blocked three years ago and Berisford itself is not thought to regard it as a very likely contender.

Others mentioned have been US grain and other agribusiness groups such as Cargill and Archer Daniel Midland . It has also been suggested that



Tony Andrews

Neil Shaw: Tate bore in mind that EC merger regulations were due to come into effect on September 21

British Sugar would form a good springboard into European agribusiness for a Japanese company.

However, Mr Gerry Grimstone a director of investment banking at Schroders, admits: "We are only at the sifting phase. It is pretty easy just to express an interest, after all."

ECONOMIC DIARY

TODAY: European Community finance ministers hold meeting in Rome at which British membership of the EMS will be discussed.

TOMORROW: Summit meeting in Helsinki between Mr George Bush, US President, and Mr Mikhail Gorbachev, Soviet President. Mr Douglas Hurd, Foreign Secretary, visits Tokyo. Mr Wilfried Martens, Belgian Prime Minister, begins Canadian visit.

MONDAY: Retail sales (August-provisional). Producer price index numbers (August-provisional). US consumer instalment credit (July). Supreme Soviet meets in Moscow. European Parliament in plenary session in Strasbourg (until September 14). Central bank governors of Group of 10 Western nations hold monthly meeting in Basle. Nato foreign ministers meet in Brussels. Mr Lothar de Maiziere, East German Prime Minister, scheduled to speak on "Germany in Tomorrow's Europe".

TUESDAY: International banking statistics (second quarter). US current account (second quarter). European Community central bank governors hold monthly meeting in Zurich.

WEDNESDAY: United Kingdom National Accounts 1990 edition (CSO Blue Book) (1989). UK balance of payments (second quarter). Two plus Four meeting of foreign ministers expected to sign treaty on security aspects of German unification.

THURSDAY: Labour market statistics: unemployment and vacancies (August-provisional); average earnings indices (July-provisional); employment, hours, productivity and unit wage costs; industrial disputes. Capital issues and redemptions (August). Mr Francois Mitterand, French President, visits Czechoslovakia. Mr Farouq al-Shara, Syrian Foreign Minister, in Rome for Gulf talks. British Tourist Authority annual report.

FRIDAY: Usable steel production (August). Index of output of the production industries (July). Retail prices index and tax and price index (August). US retail sales (August); producer price index (August). International boat show opens in Southampton.

FT-ACTUARIES SHARE INDICES

EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section

	EQUITY GROUPS & SUB-SECTIONS	Friday September 7 1990: Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%))	Est. P/E Ratio (Net)	xd adj. 1990 to date	Thu Sep 6: Index No.	Wed Sep 5: Index No.	Tue Sep 4: Index No.	Year ago (approx): Index No.	1990 High	1990 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (195)	737.41	.....	15.30	6.31	8.00	24.69	737.12	753.51	754.68	1008.82	960.80 4/1	734.17 23/8	1038.07 16/7/87	50.71 13/12/74
2	Building Materials (26)	920.02	+0.2	16.53	6.57	7.46	31.55	918.32	942.27	946.20	1185.22	1188.21 3/1	918.32 6/9	1381.08 16/7/87	44.27 11/12/74
3	Contracting, Construction (36)	1145.50	-0.2	20.01	7.15	6.49	38.33	1148.23	1170.12	1201.10	1600.09	1621.44 4/1	1145.50 7/9	1951.50 16/7/87	71.48 2/12/74
4	Electricals (10)	2070.55	+0.1	14.16	6.47	8.64	63.54	2068.73	2104.25	2098.95	3040.80	2751.15 4/1	1998.16 23/8	3040.80 8/9/89	84.71 25/6/62
5	Electronics (27)	1570.86	.....	10.52	5.12	12.88	55.48	1571.57	1618.56	1619.37	2296.63	2044.72 9/1	1567.44 21/8	2308.22 19/5/89	1229.01 8/10/85
6	Engineering-Aerospace (8)	422.21	-0.2	15.53	5.57	7.66	10.79	423.03	429.33	430.14	0.00	502.42 13/6	403.83 23/8	502.42 13/6/90	403.83 23/8/90
7	Engineering-General (46)	407.91	.....	14.93	6.35	8.08	13.89	408.13	412.26	412.08	0.00	505.10 15/6	402.40 23/8	505.10 15/6/90	402.40 23/8/90
8	Metals and Metal Forming (6)	427.15	+2.5	27.02	7.88	4.50	16.68	416.56	422.30	424.63	329.90	515.57 4/1	414.02 24/8	596.67 9/10/87	49.65 6/1/75
9	Motors (13)	300.33	+0.1	17.88	7.87	6.51	12.78	300.06	307.98	306.68	364.56	403.90 4/1	295.78 21/8	411.42 13/10/87	19.91 6/1/75
10	Other Industrial Materials (23)	1296.76	-0.4	13.23	6.16	8.75	39.65	1302.20	1333.96	1325.32	1855.09	1774.64 3/1	1293.21 23/8	1881.53 18/8/89	277.55 15/1/81
21	CONSUMER GROUP (178)	1172.59	+0.3	10.49	4.34	11.77	25.09	1168.63	1185.20	1185.19	1406.16	1357.03 3/1	1140.90 23/8	1417.92 4/9/89	61.41 13/12/74
22	Brewers and Distillers (22)	1449.84	+1.2	10.61	4.02	11.42	30.46	1433.25	1461.02	1466.77	1572.78	1650.55 20/7	1369.31 6/3	1650.55 20/7/90	69.47 13/12/74
25	Food Manufacturing (20)	995.27	+0.3	11.66	4.86	10.58	23.22	992.49	1002.79	1003.31	1214.27	1184.41 3/1	972.88 23/8	1220.42 4/9/89	59.67 11/12/74
26	Food Retailing (16)	2355.67	-0.3	9.89	3.50	12.84	45.88	2363.39	2422.37	2419.17	2680.80	2617.14 27/7	2188.04 30/4	2732.30 5/9/89	54.25 11/12/74
27	Health and Household (16)	2331.62	+2.0	7.51	2.98	15.86	29.07	2286.86	2295.15	2292.86	2694.62	2795.49 4/1	2166.10 24/8	2795.49 4/1/90	175.38 28/5/80
29	Leisure (32)	1194.44	-0.2	12.52	5.24	9.66	35.86	1196.95	1224.66	1230.89	1845.77	1717.22 9/1	1194.44 7/9	1845.77 8/9/89	54.83 9/1/75
31	Packaging & Paper (12)	508.84	-1.1	12.92	6.83	9.51	14.71	514.76	520.59	522.68	614.03	625.01 17/7	508.84 7/9	739.48 16/7/87	43.46 6/1/75
32	Publishing & Printing (16)	3053.40	-0.4	11.91	6.14	10.53	105.00	3066.51	3096.73	3093.22	3836.23	3853.61 4/1	3029.15 30/4	5070.66 5/10/87	55.08 6/1/75
34	Stores (33)	759.15	-1.5	11.70	4.97	11.07	16.55	770.66	781.52	777.00	911.98	866.32 13/6	690.43 27/4	1160.58 29/7/87	52.63 6/1/75
35	Textiles (11)	409.27	-0.5	14.90	8.79	8.46	18.80	411.20	420.49	420.05	583.84	554.37 4/1	409.27 7/9	914.52 2/10/87	62.66 11/12/74
40	OTHER GROUPS (107)	1004.06	.....	12.67	5.93	9.55	28.17	1004.35	1020.76	1019.23	1220.96	1233.52 3/1	995.08 23/8	1233.52 3/1/90	58.63 6/1/75
41	Agencies (16)	1210.86	+0.5	8.42	3.23	14.36	20.34	1204.94	1217.79	1207.42	1615.26	1757.73 15/6	1130.24 21/8	1795.57 17/7/87	870.35 4/12/87
42	Chemicals (24)	1022.36	-0.3	12.96	6.49	9.11	43.91	1025.27	1040.36	1044.17	1345.80	1335.87 14/6	1022.15 23/8	1545.46 5/10/87	71.20 1/12/74
43	Conglomerates (15)	1345.57	-1.8	12.52	7.41	9.60	34.42	1370.22	1408.41	1410.82	1749.54	1722.31 14/6	1345.57 7/9	1819.46 11/8/89	975.19 10/11/87
44	Transport (13)	1897.18	-1.0	13.07	5.48	9.71	49.33	1916.56	1955.76	1950.12	2421.48	2458.00 4/1	1897.18 7/9	2554.69 12/7/89	90.80 29/6/62
46	Telephone Networks (2)	1125.42	+0.3	11.90	5.01	10.94	26.09	1121.62	1137.50	1131.80	1191.32	1290.72 3/1	1019.16 30/4	1290.72 3/1/90	517.92 30/11/84
47	Water (10)	1896.18	+1.4	16.26	7.14	6.91	68.12	1870.56	1909.59	1911.43	0.00	2079.08 16/2	1820.20 1/5	2079.08 16/2/90	1820.20 1/5/90
48	Miscellaneous (27)	1527.53	+1.6	13.76	5.93	8.34	43.04	1502.85	1509.80	1506.32	1947.53	1981.35 3/1	1489.31 23/8	2087.06 11/7/89	60.39 6/7/75
49	INDUSTRIAL GROUP (480)	1018.57	+0.2	12.27	5.28	9.97	26.72	1016.98	1033.97	1033.86	1267.72	1234.94 3/1	1002.03 23/8	1273.71 5/9/89	59.01 13/12/74
51	Oil & Gas (20)	2498.72	.....	9.99	4.95	13.10	70.93	2500.18	2493.49	2479.01	2279.36	2528.70 3/8	2111.34 30/4	2528.70 3/8/90	87.23 29/5/62
59	500 SHARE INDEX (500)	1138.72	+0.1	11.89	5.23	10.39	30.29	1137.35	1152.69	1151.50	1353.63	1338.65 3/1	1116.27 23/8	1369.88 16/7/87	63.49 13/12/74
61	FINANCIAL GROUP (107)	692.37	-0.6	-	6.83	-	28.24	696.79	707.81	705.66	824.58	869.67 3/1	692.37 7/9	896.67 13/10/87	55.88 13/12/74
62	Banks (9)	750.94	-0.7	21.77	7.65	6.02	41.50	755.93	763.53	758.69	837.73	918.30 2/2	736.04 23/8	918.30 2/2/90	62.44 12/12/74
65	Insurance (Life) (7)	1293.78	-0.2	-	5.71	-	37.79	1296.33	1349.74	1351.89	1257.90	1519.19 29/6	1220.17 1/5	1519.19 29/6/90	44.88 2/1/75
66	Insurance (Composite) (6)	575.83	-0.2	-	7.37	-	21.72	576.88	587.72	592.42	664.54	763.09 2/1	575.83 7/9	768.11 29/12/89	43.96 13/12/74
67	Insurance (Brokers) (8)	836.08	+0.2	10.22	7.68	12.90	33.25	834.15	837.69	824.19	989.91	1194.74 4/1	820.34 23/8	1399.56 17/7/87	65.86 16/12/74
68	Merchant Banks (7)	376.23	-1.4	-	5.40	-	11.93	381.57	384.96	380.21	400.39	502.02 8/2	371.14 23/8	547.59 12/10/87	31.21 7/1/75
69	Property (47)	910.40	-1.6	8.50	5.38	15.63	22.64	925.46	938.05	933.73	1386.66	1242.53 4/1	910.40 7/9	1398.87 5/9/89	56.01 20/4/65
70	Other Financial (23)	256.48	+0.4	10.59	6.92	12.42	8.95	255.55	256.80	255.20	372.94	350.59 4/1	251.73 24/8	603.48 16/7/87	33.29 17/12/74
71	Investment Trusts (66)	1051.94	-0.4	-	3.75	-	22.49	1056.01	1063.68	1066.32	1288.84	1323.81 4/1	1011.60 23/8	1323.81 4/1/90	71.12 13/12/74
91	Overseas Traders (5)	1262.79	+0.2	11.04	7.24	10.82	59.65	1259.68	1269.12	1271.36	1543.93	1614.04 3/1	1210.69 23/8	1614.04 3/1/90	97.37 6/1/75
99	ALL-SHARE INDEX (678)	1031.07	.....	-	5.42	-	29.47	1031.06	1045.08	1043.83	1225.79	1226.83 3/1	1013.26 23/8	1238.57 16/7/87	61.92 13/12/74

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Sep 6	Sep 5	Sep 4	Sep 3	Aug 31	Year ago	1990 High	1990 Low	Since Compilation High	Since Compilation Low
FT-SE 100 SHARE INDEX‡	2122.9	+2.0	2123.0	2105.5	2120.9	2152.2	2148.0	2166.6	2162.8	2423.9	2463.7 3/1	2075.0 23/8	2463.7 3/1/90	986.9 23/7/84

FIXED INTEREST

	PRICE INDICES	Fri Sep 7	Day's change %	Thu Sep 6	xd adj. today	xd adj. 1990 to date
	British Government					
1	Up to 5 years	116.61	-0.20	116.84	-	8.32
2	5-15 years	119.82	-0.55	120.49	-	9.43
3	Over 15 years	120.17	-0.91	121.28	-	9.84
4	Irredeemables	138.34	-1.07	139.83	-	8.85
5	All stocks	120.61	-0.47	121.18	-	9.18
	Index-Linked					
6	Up to 5 years	150.21	+0.34	149.70	-	2.46
7	Over 5 years	137.04	-0.13	137.22	-	2.86
8	All stocks	137.92	-0.09	138.05	-	2.83
9	Debentures & Loans	98.36	-0.25	98.61	-	8.36
10	Preference	74.62	+0.03	74.60	-	4.01

	AVERAGE GROSS REDEMPTION YIELDS		Fri Sep 7	Thu Sep 6	Year ago (approx.)	1990 High	1990 Low
	British Government						
1	Low	5 years	11.12	10.96	9.76	12.36 2/5	10.16 2/1
2	Coupons	15 years	11.12	10.96	9.32	11.94 30/4	9.58 2/1
3		25 years	11.12	10.96	9.23	11.85 30/4	9.52 2/1
4	Medium	5 years	12.18	12.02	10.69	13.58 2/5	11.03 2/1
5	Coupons	15 years	11.64	11.53	9.74	12.45 27/4	9.97 2/1
6		25 years	11.35	11.26	9.37	11.98 27/4	9.65 2/1
7	High	5 years	12.27	12.12	10.79	13.67 2/5	11.17 2/1
8	Coupons	15 years	11.91	11.79	9.95	12.76 27/4	10.17 2/1
9		25 years	11.66	11.55	9.53	12.27 27/4	9.78 2/1
10	Irredeemables†		11.20	11.06	9.27	11.83 30/4	9.66 4/1
	Index-Linked						
11	Inflation rate 5%	Up to 5yrs.	4.64	4.76	3.02	5.48 20/7	3.83 5/1
12	Inflation rate 5%	Over 5 yrs.	4.32	4.31	3.51	4.37 20/7	3.60 4/1
13	Inflation rate 10%	Up to 5 yrs.	3.53	3.63	2.25	4.37 9/7	2.95 2/1
14	Inflation rate 10%	Over 5 yrs.	4.15	4.13	3.35	4.17 20/7	3.43 4/1
15	Debs &	5 years	14.03	14.12	13.06	16.70 30/4	13.01 15/1
16	Loans	15 years	13.08	13.04	12.04	14.48 26/4	12.27 12/1
17		25 years	12.87	12.82	11.40	13.89 4/5	11.99 2/1
18	Preference†		12.80	12.80	10.20	12.81 24/8	10.87 2/1

‡Opening index 2115.1; 9 am 2108.8; 10 am 2117.7; 11 am 2116.2; Noon 2112.7; 1 pm 2108.9; 2 pm 2107.7; 3 pm 2110.3; 4 pm 2121.3; 4.10 pm 2122.2; (a) 4.30pm (b) 8.48am

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Engineering - Aerospace	29/12/89	486.00	Other Industrial Materials	31/12/80	287.41	Food Retailing	29/12/67	114.13
Engineering - General	29/12/89	486.00	Health/Household Products	30/12/77	261.77	Insurance Brokers	29/12/67	96.67
Water	29/12/89	1968.45	Other Groups	31/12/74	63.75	All Other	10/4/62	100.00
Agencies	31/12/86	1114.07	Overseas Traders	31/12/74	100.00	British Government	31/12/75	100.00
Conglomerates	31/12/86	1114.07	Industrial Group	31/12/70	128.20	Do. Index-linked	30/4/82	100.00
Telephone Networks	30/11/84	517.92	Other Financial	31/12/70	128.06	Debs & Loans	31/12/77	100.00
Electronics	30/12/83	1646.65	Food Manufacturing	29/12/67	114.13	Preference	31/12/77	76.72
						FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL, price 15p, by post 35p.

LONDON TRADED OPTIONS

BUSINESS IN the derivative markets was steady with options turnover down on the previous day but breaking the acceptable 30,000 level, and FT-SE futures trade dipped below 5,000 contracts.

In the traded options market 32,521 contracts were exchanged. They were evenly spread between calls (16,773) and puts (15,748).

Dealing in FT-SE options was down to half the previous day's level at 6,297 with 4,978 puts and 1,319 calls changing hands.

Business lacked the usual Friday afternoon flurry of activity and the feeling was that low equity volumes meant that the market was not influenced too heavily by any large position closing at the end of the account.

Rolls-Royce led the field in equity options with 4,849 lots traded. The bulk of the business was with the 4,169 calls. There were 680 puts.

Analysts said the dealing was principally the result of intra-market trading.

Securities firm Philips &Drew said one market maker carried out a two-for-one deal involving the purchase of 500 December 200 calls and the sale of 1,000 December 220 calls which took a large slice of the Rolls-Royce business. Philips said the buyer would make money if the stock was between 220p and 240p on the December expiry date.

Turnover in Kingfisher options was up after Morgan Stanley crossed 300 October puts.

Trading in Boots contracts was affected by rumours that the company had asked analysts to cut profit forecasts. One dealer said the stock fell ten points as he was placing an order for January puts.

On the Liffe, the September FT-SE future dived to a 14-point discount over fair value against the Cash Index at the start but rallied to close at 2,135, an estimated discount of 4 to fair value. Analysts at James Capel attributed the fall to Wall Street's overnight losses and the Chancellors statement about EMS entry.

Turnover was reasonable at 4,981.

Option		CALLS Oct	Jan	Apr	PUTS Oct	Jan	Apr
Allid Lyons (*476)	420	64	76	92	4	7	12
	460	32	48	64	9	18	21
	500	13	27	43	31	37	40
ASDA (*109)	100	13	19	-	2½	4½	-
	110	5½	13	16	6	8	11
	120	3½	8½	12	12	15	18
Brit. Airways (*166)	140	29	32	36	2	4	7
	160	12	18	22	7	10	11½
	180	4¼	9	14	18	20	22
SmKl Beecham A (*534)	460	83	98	-	3	6	-
	500	48	68	83	8	17	20
	550	17	39	55	27	35	40
Boots (*279)	260	24	32	-	3	7	-
	280	11	22	32	10	17	19
	300	5	13	22	23	28	30
B.P. (*368)	330	46	56	65	2½	6	8
	360	21	36	46	8	14	18
	390	8	19	31	24	28	32
British Steel (*127)	120	10	14	18	2	4½	5½
	130	4½	9	12	7	10	11
	140	1½	4	7½	15	17	18
Bass (*988)	900	107	130	-	9	20	-
	950	67	94	-	16	37	-
	1000	38	63	92	34	60	62
C & Wire (*458)	420	50	67	84	6	13	16
	460	21	43	58	19	26	30
	500	9	24	40	47	52	55
Courtaulds (*310)	297	24	-	-	7	-	-
	300	-	35	47	-	15	17
	327	8	-	-	21	-	-
Com. Union (*450)	420	40	60	68	5	8	13
	460	14	32	40	17	21	29
	500	4	15	22	52	52	58
GKN (*343)	300	50	63	68	3	6	10
	330	25	40	47	9	16	21
	360	8	25	29	25	27	35
Grand Met. (*555)	500	67	-	-	4	-	-
	550	30	57	67	17	24	31
	600	9	31	45	51	55	58
I.C.I. (*877)	850	54	97	112	19	29	47
	900	26	67	82	37	54	70
	950	12	45	59	79	82	100
Kingfisher (*307)	280	32	44	-	3½	10	-
	300	16	28	42	9	16	20
	330	4	16	27	30	32	37
Ladbroke (*268)	260	22	32	41	8	15	18
	280	12	22	31	17	24	28
	300	5	14	22	34	40	41
Land Secur (*480)	460	32	52	68	8½	14	18
	500	12	28	45	25	33	37
	550	3	12	25	72	72	73
M & S (*226)	200	32	40	-	2½	5	-
	220	16	26	34	5	11	13
	240	6	14	22	16	20	22
STC (*247)	220	33	45	49	2½	9	10
	240	17	31	35	9	13	18
	260	9½	20	25	21	24	30
Sainsbury (*293)	260	39	48	-	1½	4½	-
	280	21	33	42	4	9	11
	300	10	22	31	11	18	19
Shell Trans. (*493)	420	78	90	95	2	5	9
	460	40	57	65	7	12	18
	500	14	37	43	25	30	35
Storehouse (*126)	110	19	25	29	2½	5	6
	120	12	17	22	4	8	10
	130	8	12	16	11	13	15
Trafalgar (*219)	200	27	36	38	5	13	14
	220	17	22	28	14	21	26
	240	5½	14	18	26	35	37

Option		CALLS Oct	Jan	Apr	PUTS Oct	Jan	Apr
Utd. Biscuits (*322)	300	26	41	47	4	9	13
	330	8	23	30	18	23	26
	360	2½	11	17	44	45	47
Unilever (*625)	600	43	65	85	10	20	25
	650	16	38	55	35	40	47
	700	4½	18	33	80	80	82
Ultramar (*377)	330	57	72	80	3	8	13
	360	30	50	70	8	15	20
	390	14	30	40	20	28	31
Option		**Nov**	**Feb**	**May**	**Nov**	**Feb**	**May**
Brit Aero (*538)	500	52	75	85	13	18	28
	550	23	45	60	38	43	50
	600	9	26	37	75	77	78
BAA (*386)	360	40	-	-	8	-	-
	390	22	34	50	20	26	30
	420	13	22	36	41	47	48
BAT Inds (*538)	500	50	75	85	13	16	25
	550	20	45	55	35	43	45
	578	12	-	-	60	-	-
BTR (*359)	330	37	51	57	7	12	16
	360	18	33	38	20	25	29
	390	7	18	25	40	43	47
Brit. Telecom (*281)	260	31	37	-	4	7	-
	280	17	25	36	9½	14	16
	300	8½	14½	24	21	24	26
Cadbury Sch (*323)	300	35	48	53	5½	10	13
	330	16	29	35	17	22	26
Guinness (*692)	650	63	94	108	11	18	21
	700	33	65	78	31	37	42
GEC (*178)	160	25	29	35	2½	4	5
	180	10	16	23	8½	11	12
Hanson (*197)	200	11	15½	21	8½	15	16½
	220	5	8	13	24	27	29
LASMO (*486)	460	47	70	85	12	20	25
	500	24	47	60	25	37	40
P. & O. (*491)	500	22	38	45	31	37	45
	550	6	20	25	72	77	82
Pilkington (*156)	140	25	29	34	3	6	7½
	160	10	17	23	10	14	16
Polly Peck (*262)	260	33	42	53	28	35	38
	280	25	32	43	43	45	47
Prudential (*201)	200	10	20	25	10½	12	16
	220	4	11	14	25	25	29
Racal (*160)	160	12½	20	28	8½	12	15
	180	5½	10½	20	21	23	23
R.T.Z. (*448)	460	24	42	50	27	37	43
	500	11	26	34	57	57	65
Scot. & New (*334)	330	25	36	47	14	19	23
	360	11	23	31	35	37	40
Tesco (*227)	220	16	24	32	7	10	11
	240	7½	15	22	18	20	21
Thames Water (*220)	220	-	-	27	-	-	15
	230	9	16	-	15	19	-
Water Hldg Pkg (*2160)	2150	120	190	-	65	90	-
	2200	90	170	-	90	120	-
Option		**Sep**	**Nov**	**Jan**	**Sep**	**Nov**	**Jan**
Ferranti (*20)	20	3	4	5	3	5	4½
	25	1	2½	3½	7	7½	7½
Option		**Sep**	**Nov**	**Feb**	**Sep**	**Nov**	**Feb**
Lucas Inds (*129)	120	12	14	17	2½	6	8
	130	4	8	13	6	13	14
Option		**Oct**	**Dec**	**Mar**	**Oct**	**Dec**	**Mar**
Reuters (*868)	800	97	130	157	15	33	42
	850	64	99	127	32	47	62
	900	40	72	102	57	75	86

Option		CALLS Sep	Dec	Mar	PUTS Sep	Dec	Mar
Abbey Nat. (*211)	200	15	24	30	2½	6	9
	220	3½	13	18	13	15	18
Amstrad (*57)	50	9	11	14½	1½	2½	4
	60	1¼	6	10	5	7½	8½
Barclays (*345)	330	20	38	52	3	8	13
	357	5	22	-	15	18	-
Blue Circle (*202)	200	6	17	24	6½	14	16
	220	1½	8½	15	23	26	27
British Gas (*224)	220	8	18½	24	3½	7½	10
	240	1½	8½	14	16½	18	19
Dixons (*132)	130	7	13	20	5	9	10
	140	3½	8	14	11	13	16
Glaxo (*745)	700	50	72	100	3	23	32
	750	15	44	72	18	45	52
Hawker Sidd. (*474)	460	23	37	55	9	20	25
	500	5	19	33	33	40	45
Hillsdown (*251)	240	15	27	38	3	10	12
	260	4	15	27	12	19	21
Lonrho (*242)	240	-	-	26	-	-	18
	255	3	15	-	15	19	-
Midland Bk (*242)	240	11	25	35	6	15	21
	260	5	18	23	22	27	33
R. Royce (*182)	180	7	15	22	5	10½	13
	200	1½	6½	11	20	22	24
Sears (*86)	80	8	10½	15	2½	5	5½
	90	2½	6	8½	6	8½	10½
THF (*242)	240	9½	20	28	6	12	15
	260	3	10	20	19	25	27
Thorn EMI (*598)	600	15	42	59	20	32	35
	650	3	21	34	55	58	61
TSB (*133)	130	6	13	16	3	6	8
	140	1½	8	10	10	10	13
Vaal Reefs (*379)	70	12	19	22	2	8	12
	80	5	14	18	6	13	17
Wellcome (*498)	460	35	60	80	5	22	28
	500	10	39	62	24	39	45

EURO FT-SE INDEX (*2122)

	1975	2025	2075	2125	2175	2225	2275	2325
CALLS								
Sep	170	126	89	58	37	21	11	5
Oct	-	162	137	96	70	48	35	24
Nov	-	185	-	119	-	72	-	40
Dec	-	205	-	140	-	90	-	55
Mar	-	250	-	185	-	133	-	90
Jun	-	280	-	215	-	160	-	120
PUTS								
Sep	16	19	32	50	75	110	151	195
Oct	-	38	50	68	92	122	156	194
Nov	-	43	-	75	-	122	-	186
Dec	-	50	-	80	-	127	-	185
Mar	-	76	-	108	-	152	-	195
Jun	-	68	-	98	-	133	-	180

FT-SE INDEX (*2122)

	2000	2050	2100	2150	2200	2250	2300	2350
CALLS								
Sep	150	109	74	46	26	15	8	4
Oct	182	145	112	85	62	44	30	20
Nov	205	170	137	107	82	63	46	35
Dec	230	192	158	127	102	80	61	48
Jun †	305	-	240	-	180	-	132	-
PUTS								
Sep	17	24	39	63	96	136	184	233
Oct	32	44	61	83	114	148	189	234
Nov	40	53	70	92	120	155	193	236
Dec	46	61	77	99	124	157	198	238
Jun †	65	-	95	-	135	-	200	-

September 7 Total Contracts 32,521
Calls 16,773 Puts 15,748
FT-SE Index Calls 1,319 Puts 4,978
Euro FT-SE Calls 220 Puts 287
*Underlying security price. † Long dated expiry mths

Manville to restructure trust for asbestos claims

By Janet Bush in New York

MANVILLE, the US industrial group which was forced into bankruptcy by claims from victims of its asbestos products, yesterday said that it had agreed in principle to restructure the funding of a trust set up to meet the claims.

The trust was formed two years ago as part of a settlement which enabled the group to emerge from Chapter 11 of the bankruptcy code.

However, the trust has severely depleted its funds which means that many asbestos victims were facing perhaps 10 to 20 years before they received any compensation.

The restructuring plan was developed under orders from Judge Jack Weinstein, who has been highly critical of the trust's shortage of funds, and chief bankruptcy Judge Burton Lifland. Large legal fees are one reason for the depletion of the trust's funds.

The plan includes a special, phased distribution to common shareholders and an arrangement under which the trust will increase its holding in the company's stock from 50 per cent to 80 per cent.

In addition, Manville said that it will exchange new bonds for existing Manville bonds held by the trust to improve their marketability.

The refinancing plan keeps in place current arrangements which mean that 20 per cent of net company profits are paid to the trust each year, beginning in 1992.

Mr Tom Stephens, Manville chairman, said the restructuring was necessary not only for the short-term financing needs of the trust but also to provide the means for future claims.

He said that the company's strong performance since the reorganisation plan was put into effect in 1988 had put Manville in a position where it was able to accomplish the distribution programme.

Mr Stephens added that he hoped the understandings which had been reached would provide a framework around which the restructuring of the trust could continue.

The special distributions to shareholders are phased over a number of years and distributions after the second year are subject to Manville's performance.

Porsche records improved earnings

By Katharine Campbell in Frankfurt

PORSCHE, the West German sports car maker, reported higher earnings for the financial year July 31, while warning that the strong D-Mark would affect profits in the current year, particularly in the North American market.

Sales for 1989-90 jumped 20.5 per cent to DM3.045bn, but the company gave no precise profit figures, saying only that the considerable increase in sales and reduced costs had led to an improvement on last year's earnings.

In the 1988-89 period net profits more than doubled to DM54m. Despite the caveat about the foreign exchange uncertainties in important export markets, the company said a "satisfactory result" was in prospect for 1990-91.

The company is reducing its dependence on overseas markets – after suffering in 1987 from a weak dollar and the effects on the US luxury car market of the October 1987 stock market crash.

Foreign sales account for 69 per cent of total turnover, compared with 76 per cent two years ago, with the US component being reduced to 25 per cent from as high as 65 per cent three or four years ago.

In the domestic market, where the company has been marketing intensively, sales were up 26.2 per cent, against an 18.2 per cent rise in the overseas operations.

The current year has started well for the 911 model, both domestically, and abroad in most markets, apart from the US.

During the year an extra 680 employees have been hired, to cope with expanded production and development work.

Key meeting for Enimont shareholders postponed

By Haig Simonian in Milan

HOPES for an imminent solution to the continuing management crisis at Enimont, the Italian chemicals joint venture, diminished yesterday following the decision to postpone the group's shareholders' meeting to September 28.

However, with top-level talks between Montedison, Eni, the state-owned energy company, and the Italian Government continuing, the chances of reaching a negotiated settlement appear to have risen.

"I hope this will be the last time," said Mr Sergio Cragnotti, Enimont's chief executive, announcing the proposal to postpone the assembly.

Late last night Montedison stepped up the pressure either for peaceful settlement or a potential purchase of Eni's 40 per cent stake in Enimont.

Continued joint ownership would be acceptable, provided Eni agreed to management control resting with a Montedison-appointed chief executive. Eni could appoint Enimont's chairman, but his role would be largely ceremonial.

Should Eni not accept the terms, Montedison called on it to propose terms for selling its Enimont shares at the next board meeting. The offer would have to be unconditional, binding, open for 30 days and at a fixed price. Montedison would take 30 days to consider it, and any agreement would be concluded within 30 days of its reply.

In yesterday's shambolic session, now characteristic of the group's tortured affairs, Enimont announced that the board meeting called to preceed its shareholders' meeting had not been held, and that all now depended on the behind-the-scenes negotiations between Montedison and Eni, its major shareholders.

Given the new climate of intense negotiations, Mr Cragnotti withdrew his resignation, announced last month and due to be effective yesterday, until the next shareholders' assembly.

The focus is now firmly on Rome, where Mr Franco Piga, the new Minister of State Participations, has been conducting lengthy negotiations with both Montedison and Eni.

Meanwhile, the political temperature has risen further following the involvement of a key intra-ministerial committee chaired by Mr Giulio Andreotti, the prime minister.

Making much of Enimont's potential, Mr Cragnotti once again called for an urgent solution to the company's ownership crisis which would allow its management to concentrate on their jobs.

Aggression on stores' shopping list

Barbara Durr on Sears, Roebuck's struggle to improve profitability

FRUSTRATED with the tortoise pace of improvement in its Merchandise Group, Sears, Roebuck, the largest retailer in the US, is taking a more aggressive approach to revamping its retail operations.

Mr Edward Brennan, Sears chairman, took direct control of the Merchandise Group last month, putting management muscle into the sagging retail operation.

The Merchandise Group suffered a 62.8 per cent decline in net income during the first six months of this year, compared with the same period a year ago.

It brought in just $72.6m, down from $195.4m last year. Sales were were up during the first half just 1.8 per cent, to $14.7bn from $14.4bn last year.

The results were especially disappointing given that Sears has been trying to turnround its retail operation since the end of 1988 with a new strategy.

The company has added name brands to its store labels, brought in more eye-catching displays and completely redrawn many its 850 US stores hoping to shed its stodgy image.

Given the popularity of speciality shopping with the American consumer, the idea of selling everything from power tools to lingerie under one roof would appear questionable.

The store is also geared to the notion of "family" shopping, a practice that has faded with disintegration of US family life.

But Mr Brennan maintains the company's turnround strategy is correct, it only needs to be "implemented more aggressively."

Aggression in store: revamping is in fashion at Sears

Some analysts who have followed the company closely for years agree. They say the retail group is poised for big success in the next few years.

Mr John Landschultz, a retail analyst with Cowen & Co. in Chicago, believes Sears is over the hard part of revamping its retail operation.

"There is a real future there," said Mr Landschultz, "You may even see them in an acquisition mode for market share."

Mr Peter Siris, vice chairman of UBS Securities in New York, compares the turnround at Sears Merchandise Group to the Soviet Union's perestroika: a strategy necessary for long-term survival, but one that shows little in short-term results.

"I think they've made extraordinary progress in the last two years, it just hasn't shown up yet in the sales and earnings."

He, too, predicts that the changes stand a very good chance of working. Mr Richard Nelson, a retail analyst with Duff & Phelps in Chicago, concurs that the Sears strategy makes sense, but he says so far it has been poorly executed.

Mr Brennan taking over the controls signals the importance the company attaches to ensuring the strategy is implemented correctly. This means reducing the layers of bureaucracy that have slowed down the Merchandise Group's progress.

Mr Nelson calculates there is more than $1bn in excess expenses, many of them at Sears' corporate headquarters.

To generate a comparable level of sales, Sears employs 6,000 people at its headquarters, while competitors K mart and Wal-mart employ 3,500 and 2,500 respectively.

The company says that in its search for ways to improve sales and margins and decrease. costs, further reductions in personnel are being considered.

The company has already reduced its workforce. Since January 1989, it has eliminated 1,500 management and 1,100 non-management jobs. But it will not say how many of its 337,000 retail employees may be sacked.

A drive to eliminate non-sales personnel at the store level is expected, as is a consolidation of the Merchandise Group and the general Sears corporate management.

Mr Brennan may be taking some of his cues from his brother Bernard, who is chief of Montgomery Ward, the once ailing retailer that has made a comeback.

Conversations about a possible merger of Sears Merchandise Group with Montgomery Ward were held earlier this month, but without results.

With signs of a recession coming in the US, Sears can count less on boosting sales than on cutting costs to obtain more favourable earnings.

But Mr Brennan, who led the retail group to its top earnings between 1980-84, will have to work a lot of magic to impress Wall Street, which is valuing Sears shares below the company's book value.

Asian merger forms security services leader

By Angus Foster in Hong Kong

SECURICOR of the UK and Hong Kong Security, part of the Jardine Matheson group, are merging their Asian operations to form what the companies claim will be the largest security services business in South-East Asia.

Securicor has subsidiaries in Hong Kong, the nearby Portuguese enclave of Macau and a 19 per cent stake in a security company in Malaysia. All of Hong Kong Security's business is based in the colony.

A joint venture holding company is being set up, into which the two groups will inject their various assets. The new company's annual turnover is likely to exceed HK$500m (US$64m), the companies said in a statement.

Mr Henry McKay, chief executive of Securicor's security division, said the new group would look to other countries in Asia for further growth.

Dutch Volvo unit warns of need for cost cutting

By Kevin Done, Motor Industry Correspondent

VOLVO Car BV, the minority-owned Dutch affiliate of Volvo, the Swedish car and truck maker, yesterday warned its workforce that a reduction of costs was "an absolute necessity" in the face of mounting competition in the western European car market.

Volvo is negotiating the takeover of the 70 per cent majority holding in Volvo Car BV owned by Dutch interests, chiefly the state-owned National Investment Bank, which owns a 49 per cent stake.

Volvo Car BV sought yesterday to allay fears among its 9,000-strong workforce about a full Volvo takeover.

It said the Dutch company would continue to play a central role in the group's industrial operations including product development and assembly of smaller Volvo cars.

The company said, however, that its costs were too high and that cost-reduction measures were "absolutely essential."

Volvo Car BV, which produced 134,600 cars last year, assembles Volvo's medium-sized 300 and 400 series cars.

The 300 series is expected to be phased out next year as part of a further rationalisation of the Volvo product range.

The profitability of the Volvo group's total car operations has plunged in the past 18 months, and the Swedish group warned last week that it would be forced to cut jobs in its Swedish operations.

The Volvo Car BV operations in the Netherlands are expected to play a significant role in the far-reaching alliance planned between Volvo and Renault, the French state-owned car maker, which already supplies the engines and transmissions for the Dutch-produced Volvo 400 series.

Heineken rises 17.8% on long hot summer sales

By Ronald van de Krol in Amsterdam

HEINEKEN, the big Dutch beer, soft drinks and spirits group, said yesterday that net earnings rose by 17.8 per cent in the first half of 1990, as the good summer boosted beer sales in parts of Europe.

Net profit rose to Fl 165.4m ($94m), or Fl 5.15 per share, from Fl 140.4m, or Fl 4.37 per share.

Heineken, the world's third largest brewery, predicted that second-half results would at least match the Fl 185.5m posted in the final six months of 1989. In 1989, Heineken's net profit rose 12 per cent to Fl 325.5m, a gain it also attributed in part to the prolonged and sunny European summer of 1989.

First half net turnover was up 7.6 per cent at Fl 4.15bn, reflecting higher exports and the acquisition in 1989 of Brand, the Dutch brewer of premium beer.

Operating costs rose at a slower rate than turnover, increasing 7.2 per cent to Fl 3.86bn. Operating profit showed a 13.2 per cent increase to Fl 292.3m from Fl 258.2m in the first half of 1989.

The company plans to pay an unchanged 1990 interim dividend of Fl 1.50.

● Lucas Bols, the Dutch spirits and wines concern, said net profit rose by 10 per cent to Fl 47.5m in the first half, despite barely changed turnover of Fl 585.9m. Operating profit increased by 6 per cent to Fl 71.8m. For the full year, the company expects net profit to exceed the Fl 83.6m posted in 1989.

In 1989, Bols and Heineken set up a 50/50 spirits joint venture in the Benelux countries in an attempt to counter declining consumption of traditional Dutch gin or jenever.

Labatt plans expansion in Europe and Pacific

By Robert Gibbens in Montreal

JOHN LABATT, the big brewing, food and entertainment group, is planning aggressive international expansion, especially in Western and Eastern Europe and the Pacific Rim, Mr Sidney Oland, president, said after the annual meeting.

Labatt, the consumer products arm of the Toronto-based Brascan conglomerate, is looking at several possible brewing acquisitions, including the beer assets of Australia's Bond Corporation, and a Spanish brewery. A decision is likely in a few months, Mr Oland said.

The company had backed away from Greenall Whitley, which brews Labatt beers in Britain, because the asking price was too high. Allied Lyons of the UK will make the Labatt beers following shut-down of Greenall's two breweries.

Labatt reported first quarter net profit up 14 per cent to C$50m (US$43m), or 57 cents a share, on a 7 per cent gain in sales to C$1.5bn. The food subsidiaries did well, but Canadian beer sales were flat because of a poor summer. For the year ended April 30 Labatt's profit rose 25 per cent to a peak of C$169m on revenues of C$5.3bn.

Mr Oland said Labatt was suing the former owners of its Prinz Brau Brewing subsidiary in Italy, and a favourable court decision could reduce the final price of the 1989 acquisition.

He added that Labatt was concentrating on fewer larger businesses in the longer term and would develop them internationally. The accent was on the brewing and entertainment segments rather than food, where the company was rationalising its US dairy interests. In the past year two Canadian food units and two US dairies have been sold.

WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES

	Latest prices	Change on week	Year ago	High 1990	Low 1990
Gold per troy oz.	$387.00	+1.75	$360	$420.25	$345.75
Silver Per troy oz	252.20p	-2.10	330.7p	323.50p	252.20p
Aluminium 99.7% (cash)	$2007	+145	$1714	$2007	$1380.0
Copper Grade A (cash)	£1630	+72	£1869	£1747.5	£1304.5
Lead(cash)	£454	-8	£454.5	£790	£413
Nickel (cash)	$11150	-225	$11325	$11375	$6075
Zinc SHG (cash)	$1807.5	-36.0	$1595	$1869	$1250
Tin (cash)	$5795	-67.5	£8705	$7020	$5935
Cocoa Futures (Dec)	£733	-42	£808	£967	£622
Coffee Futures (Nov)	£631	+24	£822	£757	£548
Sugar (LDP Raw)	$285.4	+9.4	$335	$388.4	$258.0
Barley Futures (Nov)	£113.65	+0.10	£104.6	£116.45	£103.45
Wheat Futures (Nov)	£115.00	-0.25	£107.65	£123.45	£111.00
Cotton Outlook A Index	81.30c	-0.60	81.65c	92.70c	73.70c
Wool (64s Super)	435p	-2	598p	580p	435p
Oil (Brent Blend)	$30.25y	+3.65	$17.80	$30.65	$15.575

Per tonne unless otherwise stated. †Unquoted. p-pence/kg. c-cents lb. y-October

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$26.60-6.90w	-1.05
Brent Blend	$30.20-0.30w	-.775
W.T.I. (1 pm est)	$30.38-0.41w	-0.87

Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$417-422	-10
Gas Oil	$265-267	-7½
Heavy Fuel Oil	$110-115	
Naphtha	$300-305	-8

Petroleum Argus Estimates

Other		+ or -
Gold (per troy oz)♣	$387.00	-2.75
Silver (per troy oz)♣	480c	
Platinum (per troy oz)	$477.00	-3.80
Palladium (per troy oz)	$106.75	-4.25
Aluminium (free market)	$2015	+55
Copper (US Producer)	134c	
Lead (US Producer)	50c	
Nickel (free market)	510c	+10
Tin (Kuala Lumpur market)	15.22r	+0.02
Tin (New York)	271c	
Zinc (US Prime Western)	81c	
Cattle (live weight)†	103.08p	-2.08*
Sheep (dead weight)†	144.13p	+2.50*
Pigs (live weight)†	80.39p	+1.53*
London daily sugar (raw)	$285.4q	+5.4
London daily sugar (white)	$330q	
Tate and Lyle export price	£260.5	+4.0
Barley (English feed)	£113.75	+0.75
Maize (US No. 3 yellow)	£149.0w	+0.5
Wheat (US Dark Northern)	£84.2q	
Rubber (Oct)♥	52.00p	-0.25
Rubber (Nov)♥	52.25p	-0.25
Rubber (KL RSS No 1 Oct)	242.5m	-1.0
Coconut oil (Philippines)§	$295.0v	-5.0
Palm Oil (Malaysian)§	$282.5w	
Copra (Philippines)§	$207.5y	
Soyabeans (US)	£151	+3
Cotton "A" index	81.30c	-0.10
Wooltops (64s Super)	435p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Sep/Oct. t-Dec. u-Oct/Dec v-Oct/Nov. w-Oct z-Aug/Sep y-Nov. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low
Oct	254.80	256.20	256.40 252.60
Dec	243.00	253.00	253.00 243.00
Mar	242.80	243.40	243.60 239.60
May	242.60	244.40	244.60 242.00
Oct	242.60	247.40	246.00 242.60

White	Close	Previous	High/Low
Oct	322.5	322.0	323.4 321.0
Mar	313.5	313.0	314.5 311.5

Turnover: Raw4778 (4219)lots of 50 tonnes. White 819 (2226)
Paris- White (FFr per tonne): Oct 1680, Dec 1635 Mar 1650, May 1655, Aug 1683

CRUDE OIL – IPE $/barrel

	Latest	Previous	High/Low
Oct	29.80	30.80	30.65 29.50
Nov	28.05	29.40	29.10 28.00
Dec	27.25	28.57	28.15 27.25
IPE Index	30.83	29.80	30.83 29.80

Turnover: 10778 (7755)

GAS OIL – IPE $/tonne

	Latest	Previous	High/Low
Sep	259.25	267.50	267.50 259.00
Oct	260.75	268.25	268.50 259.00
Nov	260.50	268.00	269.00 258.50
Dec	260.00	268.00	260.25 258.00
Jan	253.25	262.00	256.50 253.00
Feb	242.50	253.00	248.00 242.50
Mar	232.50	241.00	241.50 232.50
Apr	223.25	233.50	238.50 221.00
May	225.00	234.00	238.00 226.00

Turnover 13002 (13772)lots of 100 tonnes

SPICES
The pepper market turned very quiet after a busy period last week, reports Man-producten. White pepper prices fell by US$100 a tonne as countries of origin failed to attract fresh buying interest from overseas . White spot Europe offered again at $2,000 a tonne. Afloat positions offered at $1,950 to $1,975 cif whereas Oct/Nov and Nov/Dec available at $2,000 cif – but no buying interest at these levels. The black pepper market was also easier – prices declined by about $50 a tonne. Black sarawak faq offered at $1,550 cif also somewhat more selling pressure developed from Brazil.

COCOA – London FOX £/tonne

	Close	Previous	High/Low
Sep	697	730	735 696
Dec	733	765	767 728
Mar	768	797	802 763
May	789	816	819 783
Jul	811	836	826 803
Sep	835	856	850 830
Dec	860	881	878 867

Turnover: 5771 (3827) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Sep 6 1009.99 (998.92) 10 day average for Sep 7 1008.99 (1001.85)

COFFEE – London FOX £/tonne

	Close	Previous	High/Low
Sep	612	611	613 603
Nov	631	632	636 625
Jan	641	650	645 636
Mar	639	648	644 635
May	657	660	657 649
Jul	665	670	665 659

Turnover: 6168 (7291) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Sep 6: Comp. daily 76.83 (78.82). 15 day average 76.74 (76.44)

POTATOES – BFE £/tonne

	Close	Previous	High/Low
Apr	132.0	135.0	133.0 131.3

Turnover 215 (346) lots of 40 tonnes.

SOYABEAN MEAL – BFE £/tonne

	Close	Previous	High/Low
Oct	103.0	103.0	103.0

Turnover 10 (20) lots of 20 tonnes.

FREIGHT FUTURES – BFE $10/index point

	Close	Previous	High/Low
Sep	1193	1168	1190
Oct	1209	1180	1209 1195
Jan	1220	1190	1220 1200
Apr	1230	1203	1230 1220
BFI	1193	1194	1193

Turnover 110 (56)

GRAINS – BFE £/tonne

Wheat	Close	Previous	High/Low
Sep	111.75	111.80	111.80 111.70
Nov	115.00	115.10	115.10 114.75
Jan	119.00	119.20	119.00 118.90
Mar	122.50	122.75	122.50 122.50
May	125.80	126.00	125.80 125.75
Jun	127.00	127.00	127.00 127.00

Barley	Close	Previous	High/Low
Nov	113.65	113.70	113.65 113.50
Jan	117.70	117.70	117.70 117.50
Mar	120.95	120.80	120.80 120.70

Turnover: Wheat 237 (321), Barley 288 (131). Turnover lots of 100 tonnes.

PIGS – BFE (Cash Settlement) p/kg

	Close	Previous	High/Low
Sep	106.5	107.0	106.5 106.5
Oct	109.3	109.5	109.5 109.5
Apr	104.0	105.0	105.0 105.0

Turnover 42 (31) lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 23,594 lots
Cash	2005-6	1968-70	2020/2016	2017-8		
3 months	1970-2	1948-50	1990/1965	1983-5	1975-6	82,538 lots
Copper, Grade A (£ per tonne)						Total daily turnover 15,331 lots
Cash	1629-31	1570-2	1630	1612-5		
3 months	1553-5	1520-1	1560/1536	1539-40	1560-1	106,870 lots
Lead (£ per tonne)						Total daily turnover 2,075 lots
Cash	453-5	463-4	460/459.5	459.5-60		
3 months	456-7	463-4	466/455	461-1.5	456-7	11,388 lots
Nickel ($ per tonne)						Total daily turnover 1,171 lots
Cash	11100-200	10925-75	11075/11075	11050-75		
3 months	10850-900	10800-25	10900/10800	10825-50	10875-900	8,804 lots
Tin ($ per tonne)						Total daily turnover 968 lots
Cash	5785-805	5775-85	5785/5785	5785-6		
3 months	5905-10	5890-900	5920/5890	5900-5	5890-900	5,909 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 4,128 lots
Cash	1605-10	1570-5	1615/1590	1610-5		
3 months	1505-7	1492-3	1513/1480	1511-2	1510-3	19,737 lots

LME Closing £/$ rate: SPOT: 1.8897 3 months: 1.8688 6 months: 1.8273 9 months: 1.8042

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	385¾-387¼	204½-205
Opening	389½-390	205½-206
Morning fix	388.85	205.285
Afternoon fix	384.60	203.438
Day's high	391½-390	
Day's low	383-383½	

Coins	$ price	£ equivalent
Mapleleaf	394-399	208-211
Britannia	394-399	208-211
US Eagle	394-399	208-211
Angel	394-399	208-211
Krugerrand	386-390	204-206
New Sov.	90-92	47½-48½
Old Sov.	90-92	47½-48½
Noble Plat	482.70-490.35	254.60-258.65

Silver fix	p/fine oz	US cts equiv
Spot	252.20	478.25
3 months	261.55	487.90
6 months	270.60	497.15
12 months	289.60	517.55

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Nov	Jan	Nov	Jan
1900	148	117	31	66
2000	86	170	69	116
2100	45	39	127	183
Copper (Grade A)	*Calls*		*Puts*	
2750	218	149	43	98
2900	126	83	99	178
3000	62	53	153	246
Coffee	Nov	Jan	Nov	Jan
600	45	63	14	22
650	20	37	39	46
700	7	21	76	80
Cocoa	Dec	Mar	Dec	Mar
700	59	99	28	33
750	35	71	54	55
800	20	51	89	85
Brent Crude	Oct	Nov	Oct	Nov
2700				
2750				
2800	205	250	15	

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Sep	389.5	389.7	389.5	389.5
Oct	391.4	391.7	391.8	384.0
Nov	393.8	394.0	0	0
Dec	396.0	396.2	398.2	388.5
Feb	400.4	400.6	398.6	393.5
Apr	404.5	404.7	404.3	399.7
Jun	408.9	409.1	408.7	401.0
Aug	413.0	413.2	0	0
Oct	417.6	417.8	416.5	412.2

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Sep	479.7	479.2	0	0
Oct	482.3	482.2	483.5	476.0
Jan	488.6	488.5	489.5	482.0
Apr	493.7	493.6	493.5	490.0
Jul	498.9	498.8	0	0
Oct	504.7	504.6	503.0	503.0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Sep	480.0	477.0	482.0	473.5
Oct	481.9	479.4	0	0
Nov	485.5	483.0	0	0
Dec	489.5	487.0	492.4	482.0
Jan	491.9	489.4	0	0
May	506.9	504.3	509.0	503.0
Sep	521.9	519.3	518.5	518.5

INDICES

REUTERS (Base: September 18 1931 = 100)

Sep 7	Sep 6	mnth ago	yr ago
1812.2	1808.7	1788.7	1908.7.

DOW JONES (Base: Dec. 31 1974 = 100)

	Sep 6	Sep 5	mnth ago	yr ago
Spot	130.10	129.97	131.88	129.37
Futures	133.55	133.18	132.67	130.85

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Sep	135.45	128.20	135.80	130.20
Oct	134.35	127.20	133.00	129.00
Nov	132.55	125.45	0	0
Dec	130.35	123.40	130.50	124.90
Jan	127.75	121.15	126.30	123.35
Mar	122.15	116.50	122.00	117.80
Apr	120.35	114.95	0	0
May	118.55	113.40	118.40	115.50
Jun	115.80	111.95	0	0
Jul	114.95	110.40	0	0

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Oct	30.05	31.43	30.85	29.90
Nov	29.45	30.87	30.30	29.40
Dec	28.74	30.15	29.85	28.70
Jan	28.08	29.35	28.85	28.00
Mar	26.88	27.96	27.40	26.80
Apr	26.30	27.33	26.86	26.10
Jun	25.55	26.35	25.79	25.25
Jul	25.02	25.98	25.45	24.70

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Oct	8445	8624	8675	8430
Nov	8520	8698	8740	8510
Dec	8575	8935	8790	8550
Jan	8456	8800	8630	8430
Feb	8180	8490	8355	8190
Apr	7450	7760	7675	7450
Jul	7105	7410	7105	7105

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Sep	1230	1277	1230	1210
Dec	1267	1316	1295	1245
Mar	1312	1355	1324	1289
May	1342	1388	1353	1320
Jul	1368	1415	1374	1355
Sep	1399	1446	0	0
Dec	1432	1475	0	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Sep	95.50	99.20	99.25	95.10
Dec	98.25	102.25	102.60	98.10
Mar	101.50	105.05	105.50	101.30
May	103.75	107.00	107.00	103.50
Jul	106.00	109.25	109.75	106.75
Sep	108.50	111.75	0	0
Dec	111.00	114.75	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Oct	11.16	11.24	11.19	11.07
Mar	10.81	10.96	10.94	10.79
May	10.92	10.96	10.92	10.80
Jul	10.93	10.96	10.93	10.82
Oct	10.98	11.04	10.98	10.87

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Oct	73.66	73.48	73.75	73.20
Dec	72.94	72.71	73.00	72.25
Mar	74.25	73.93	74.25	73.40
May	74.88	74.55	74.95	73.95
Jul	74.60	74.45	74.65	74.35
Dec	68.70	68.25	68.60	68.20

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Sep	149.60	154.30	152.55	148.80
Nov	139.70	141.40	140.00	137.40
Jan	137.00	138.15	137.00	135.40
Mar	136.75	137.90	137.00	135.00
May	136.25	139.00	138.00	137.40
Jul	136.25	139.00	135.50	135.50

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Sep	612/2	617/2	613/6	610/0
Nov	626/4	631/6	629/4	624/0
Jan	640/2	645/0	642/4	637/6
Mar	653/6	658/6	655/2	651/0
May	661/6	666/6	663/0	660/0
Jul	667/0	672/6	669/0	665/4
Aug	659/2	663/4	661/0	659/0
Sep	634/4	637/4	638/0	634/0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Sep	24.10	24.43	24.30	24.08
Oct	24.01	24.33	24.20	23.95
Dec	24.11	24.46	24.38	24.08
Jan	24.26	24.59	24.48	24.25
Mar	24.47	24.74	24.60	24.45
May	24.75	24.87	24.77	24.60
Jul	24.84	24.93	24.85	24.70
Aug	24.60	24.60	24.60	24.45

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Sep	178.9	181.2	180.0	178.5
Oct	180.6	182.4	181.5	180.0
Dec	184.2	185.9	185.0	183.7
Jan	185.6	187.0	186.5	185.3
Mar	188.2	189.7	189.0	188.0
May	189.6	191.7	191.0	189.5
Jul	191.5	193.5	191.5	191.0
Aug	189.7	192.2	189.7	189.7

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Sep	238/6	243/0	242/0	238/4
Dec	234/0	237/6	236/0	233/6
Mar	243/0	246/4	244/6	242/6
May	249/4	252/6	251/4	249/0
Jul	253/4	256/4	255/4	253/2
Sep	253/0	254/4	254/4	252/6
Dec	253/2	255/0	255/0	253/0

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Sep	262/6	265/6	265/0	261/4
Dec	279/6	282/4	281/4	278/0
Mar	292/2	294/2	293/0	290/0
May	298/2	301/2	300/0	298/6
Jul	303/4	307/0	305/0	302/0
Sep	307/4	311/0	0	0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Oct	77.97	77.82	78.30	77.75
Dec	76.27	75.82	76.40	75.65
Feb	75.07	74.80	75.27	74.75
Apr	75.55	75.47	75.80	75.42
Jun	73.45	73.42	73.55	73.30
Aug	71.55	71.55	71.85	71.55
Oct	71.70	71.65	71.80	71.70

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Oct	49.35	48.35	49.42	48.90
Dec	50.52	50.20	50.55	49.90
Feb	48.10	48.15	48.20	47.45
Apr	44.37	44.30	44.55	43.95
Jun	48.72	48.70	48.75	48.45
Jul	48.95	49.15	0	48.95
Aug	47.65	47.90	0	47.65
Oct	43.55	43.60	43.55	43.45

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Feb	52.12	52.05	52.65	51.52
Mar	51.97	52.00	52.60	51.47
May	52.40	52.47	53.30	52.30
Jul	53.40	53.50	53.50	53.20
Aug	51.90	0	52.30	51.90

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

D-Mark weak against yen

THE DOLLAR advanced against European currencies, but weakened in terms of a strong yen, as the Japanese unit made gains at the expense of the D-Mark.

Traders tried to decide whether the latest US employment data make it more likely that the Federal Reserve will ease its monetary stance. The Feds action yesterday in supplying liquidity, via customer repurchase agreements when Federal funds were trading above the assumed target of 8 per cent, was not regarded as indicating a change in policy.

The market viewed the employment figures as a mixed bag, and reaction was muted. A fall of 75,000 in August non-farm payrolls was larger than expected, but this was offset by a sharp downward revision in the July fall to 89,000 from 219,000. A rise to 5.6 from 5.5 per cent in the unemployment rate had been forecast by some economists.

As trading wound down ahead of the week-end there was a reluctance to be short of dollars, for fear of any important developments in the Gulf crisis. This provided support for the dollar, pushing it up to DM1.5655 from DM1.5570 at the London close. It also advanced to SFr1.3035 from SFr1.2990 and to FFr5.2450 from FFr5.2175, but fell to Y140.05 from Y141.00. The dollar's index rose to 63.1 from 63.0.

The yen was supported by interest rate differentials in favour of Tokyo and demand for the currency at the Japanese financial half-year. The D-Mark fell through support at Y89.85 and Y89.50, to close in London at Y89.45 against Y90.55 previously.

Sterling suffered from a further bout of selling out of the Middle East. The currency had already lost ground in the Far East before Mr John Major, the UK Chancellor, said on early morning BBC Radio that sterling will not join the European Monetary System exchange rate mechanism this week-end. Some observers had already interpreted Thursday's Bank of England action on the money market as an indication that the pound would not be joining the ERM immediately.

Sterling opened weak in London at $1.8960 and DM2.9550. It continued to decline against the dollar closing 1.40 cents lower on the day at $1.8945. The pound recovered some of its early losses against the D-Mark however, finishing at DM2.9650 compared with DM2.9725 on Thursday. It also fell to Y265.25 from Y269.00; to SFr2.4700 from SFr2.4800; and to FFr9.9375 from FFr9575. Sterling's index shed 0.4 to 94.4.

The Canadian dollar received support from the Bank of Canada. It fell sharply on the victory of the left wing New Democratic Party in Ontario's provincial elections. The US dollar rose to C$1.1635 from C$1.1575 despite the central bank's action.

£ IN NEW YORK

Sept. 7	Latest	Previous Close
£ Spot	1.8920-1.8930	1.9130-1.9135
1 month	1.07-1.06pm	1.07-1.06pm
3 months	3.12-3.09pm	3.12-3.10pm
12 months	10.4-10.2pm	10.3-10.2pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Sept. 7	Previous
8.30 am	94.4	95.2
9.00 am	94.3	95.2
10.00 am	94.4	95.2
11.00 am	94.3	94.8
Noon	94.4	94.8
1.00 pm	94.4	94.8
2.00 pm	94.4	94.8
3.00 pm	94.2	94.7
4.00 pm	94.4	94.8

CURRENCY MOVEMENTS

Sept. 7	Bank of England Index	Morgan** Guaranty Changes %
Sterling	94.4	-17.7
U S Dollar	63.1	-16.0
Canadian Dollar	102.4	+0.7
Austrian Schilling	109.6	+11.7
Belgian Franc	111.6	-2.1
Danish Krone	110.4	+2.7
Deutsche Mark	118.9	+24.7
Swiss Franc	116.3	+25.0
Guilder	114.5	+16.1
French Franc	108.3	-11.4
Lira	99.8	-19.5
Yen	127.1	+57.6

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100). **Rates are for Sep.6 .

CURRENCY RATES

Sep 7	Bank rate %	Special * Drawing Rights	European † Currency Unit
Sterling	-	0.731295	0.696960
U.S Dollar	7	1.39458	1.32178
Canadian $	12.92	1.61425	1.53882
Austrian Sch	6½	15.2595	14.5053
[illegible]	[illegible]	[illegible]	[illegible]

* European Commission Calculations.
† All SDR rates are for Sep.6

OTHER CURRENCIES

[illegible]

* Selling rate

FORWARD RATES AGAINST STERLING

	Spot	1 mth	3 mths	6 mths	12 mths
US Dollar	1.8945	1.8839	1.8634	1.8352	1.7907
D-mark	2.9650	2.9490	2.9195	2.8824	2.8249
French Fr.	9.9375	9.8990	9.8303	9.7396	9.6162
Swiss Fr.	2.4700	2.4566	2.4318	2.3996	2.3462
Yen	265.25	263.82	261.10	257.55	251.71

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Sep 7	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.8820 - 1.9005	1.8940 - 1.8950	1.07-1.04cpm	6.68	3.13-3.09pm	6.57
Ireland†	1.7120 - 1.7215	1.7145 - 1.7155	0.41-0.36cpm	2.69	1.48-1.38pm	3.34
Canada	1.1525 - 1.1665	1.1630 - 1.1640	0.43-0.46cdis	-4.59	1.29-1.34dis	-4.52
Netherlands	1.7555 - 1.7665	1.7635 - 1.7645	0.03-0.05cdis	-0.27	0.20-0.23dis	-0.49
Belgium	32.00 - 32.20	32.10 - 32.20	par-6cdis	-1.12	4-14dis	-1.12
Denmark	5.93¾ - 5.98	5.97¼ - 5.97¾	1.23-1.43oredis	-2.67	3.75-4.45dis	-2.74
W Germany	1.5525 - 1.5685	1.5650 - 1.5660	0.02-0.04pfdis	-0.23	0.16-0.19dis	-0.45
Portugal	137.95 - 138.45	138.00 - 138.10	80-95cdis	-7.61	240-270dis	-7.39
Spain	97.60 - 98.25	98.05 - 98.15	51-57cdis	-6.61	159-169dis	-6.69
Italy	1161½ - 1168¾	1168 - 1168½	1.30-1.90liredis	-1.64	7.50-8.50dis	-2.74
Norway	6.02¼ - 6.06	6.05 - 6.05½	1.00-1.25oredis	-2.23	3.50-4.10dis	-2.51
France	5.21½ - 5.25¼	5.24¼ - 5.24¾	0.86-0.91cdis	-2.02	2.88-2.98dis	-2.23
Sweden	5.73 - 5.76	5.75 - 5.75½	2.06-2.21oredis	-4.45	7.80-7.55dis	-5.06
Japan	139.90 - 140.70	140.00 - 140.10	0.02-0.04ydis	-0.26	0.10-0.13dis	-0.33
Austria	10.96 - 11.00½	11.00 - 11.00½	0.25-0.60grodis	-0.46	1.60-2.60dis	-0.76
Switzerland	1.2955 - 1.3070	1.3030 - 1.3040	par-0.03cdis	-0.14	0.09-0.17dis	-0.40
ECU	1.3205 - 1.3290	1.3215 - 1.3225	0.62-0.59cpm	5.49	1.65-1.60pm	4.92

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

POUND SPOT - FORWARD AGAINST THE POUND

Sep 7	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.8820 - 1.9005	1.8940 - 1.8950	1.07-1.04cpm	6.68	3.13-3.09pm	6.57
Canada	2.1970 - 2.2055	2.2010 - 2.2020	0.44-0.34cpm	2.13	1.28-1.15pm	2.21
Netherlands	3.32½ - 3.38	3.33½ - 3.34½	1⅞-1⅝cpm	6.28	5¼-5pm	6.06
Belgium	60.60 - 61.05	60.85 - 60.95	31-28cpm	5.81	87-80pm	5.48
Denmark	11.28¼ - 11.33	11.31½ - 11.32½	4-3½orepm	3.98	11¼-10½pm	3.86
Ireland	1.0965 - 1.1065	1.1050 - 1.1060	0.38-0.33ppm	3.85	1.02-0.90pm	3.47
W. Germany	2.95¼ - 2.97	2.96¼ - 2.96¾	1⅝-1½pfpm	6.32	4⅝-4⅜pm	6.07
Portugal	261.50 - 264.25	261.90 - 262.90	13-43cdis	-1.28	53-112dis	-1.26
Spain	184.85 - 186.20	185.10 - 185.40	5-1cpm	0.19	8-4pm	0.13
Italy	2203 - 2215¼	2212¼ - 2213¼	10-8lirepm	4.88	22-21pm	3.89
Norway	11.43¼ - 11.56½	11.46¼ - 11.47¼	4¾-4¼orepm	4.58	12-11½pm	4.08
France	9.88¾ - 9.95¼	9.93¼ - 9.94¼	4-3½cpm	4.68	10⅞-10⅝pm	4.33
Sweden	10.86¾ - 10.99¼	10.89¼ - 10.90¼	2½-1⅞orepm	2.20	4½-4pm	1.56
Japan	264¼ - 272	264¾ - 265¾	1½-1⅜ypm	6.50	4¼-4pm	6.22
Austria	20.77 - 20.86	20.83 - 20.86	12-10gropm	6.33	32-29pm	5.85
Switzerland	2.46 - 2.47½	2.46½ - 2.47½	1½-1⅜cpm	6.98	4-3¾pm	6.28
ECU	1.4300 - 1.4320	1.4300 - 1.4310	0.62-0.59cpm	5.08	1.65-1.60pm	4.54

Commercial rates taken towards the end of London trading. Six-month forward dollar 5.96-5.89cpm. 12 Month 10.45-10.30pm.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu Sept 7	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.1679	42.3863	+0.52	+0.14	±1.5508
Danish Krone	7.79845	7.87784	+1.02	+0.64	±1.6453
German D-Mark	2.04446	2.06198	+0.86	+0.48	±1.1762
French Franc	6.85684	6.90698	+0.73	+0.35	±1.3618
Dutch Guilder	2.30358	2.32370	+0.87	+0.49	±1.5272
Irish Punt	0.763159	0.768301	+0.67	+0.29	±1.6689
Italian Lira	1529.70	1538.23	+0.56	+0.18	±1.5162
Spanish Peseta	132.889	129.178	-2.79	-2.79	±4.2705

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EURO-CURRENCY INTEREST RATES

Sep 7	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	15 - 14¾	15 - 14¾	15⅛ - 15	14½ - 14⅞	14½ - 14⅜	14⅞ - 14¼
US Dollar	8¼ - 7⅞	8¼ - 7⅞	8⅛ - 7⅞	8¼ - 7⅞	8¼ - 8	8¼ - 8⅛
Can. Dollar	12⅝ - 12¼	12⅝ - 12¼	12⅝ - 12⅛	12⅝ - 12⅛	12¼ - 12	12 - 11⅞
D. Guilder	8⅝ - 8¼	8⅝ - 8¼	8⅝ - 8¼	8⅝ - 8⅜	8¾ - 8⅝	9 - 8⅞
Sw. Franc	8 - 7¾	8 - 7¾	8¼ - 8	8⅞ - 8⅝	8⅞ - 8⅝	8⅞ - 8⅝
Deutschmark	8¼ - 8	8¼ - 8	8⅜ - 8⅛	8⅞ - 8⅝	8⅞ - 8⅝	9 - 8⅞
Fr. Franc	10¼ - 10	10¼ - 10	10¼ - 10	10⅜ - 10¼	10⅞ - 10⅝	10⅞ - 10⅝
Italian Lira	13 - 11	7¼ - 6¾	9⅝ - 9⅜	10⅜ - 10¼	11½ - 11¼	12⅛ - 11⅞
Belgian Franc	9¼ - 9	9¼ - 9	9⅜ - 9⅛	9⅝ - 9⅜	9⅝ - 9⅜	9⅝ - 9⅜
Yen	7⅞ - 7⅝	7¾ - 7⅝	8⅛ - 8⅛	8⅜ - 8⅛	8⅝ - 8⅜	8⅝ - 8⅜
D.Krone	9¾ - 9½	10¼ - 10	10⅜ - 10⅛	10⅜ - 10⅛	10½ - 10⅜	10½ - 10⅜
Asian $Sing.	8¼ - 8	8¼ - 8	8⅛ - 7⅞	8⅛ - 7⅞	8⅛ - 7⅞	8⅛ - 8⅛

Long term Eurodollars: two years 8⅜-8⅞ per cent; three years 8⅝-8½ per cent; four years 8¾-9 per cent; five years 9⅛-9⅛ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Sept 7	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1	1.895	2.965	265.3	9.938	2.470	3.343	2213.	2.202	60.90
$	0.528	1	1.565	140.0	5.244	1.303	1.764	1168	1.162	32.14
DM	0.337	0.639	1	89.48	3.352	0.833	1.127	746.4	0.743	20.54
YEN	3.769	7.143	11.18	1000.	37.46	9.310	12.60	8342	8.300	229.6
F Fr.	1.006	1.907	2.983	267.0	10.	2.485	3.364	2227	2.216	61.28
S Fr.	0.405	0.767	1.200	107.4	4.023	1	1.353	896.0	0.891	24.66
H Fl.	0.299	0.567	0.887	79.36	2.973	0.739	1	662.0	0.659	18.22
Lira	0.452	0.856	1.340	119.9	4.491	1.116	1.511	1000.	0.995	27.52
C $	0.454	0.861	1.347	120.5	4.513	1.122	1.518	1005	1	27.66
B Fr.	1.642	3.112	4.869	435.6	16.32	4.056	5.489	3634	3.616	100.

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES AND OPTIONS

LIFFE LONG GILT FUTURES OPTIONS £50,000 64ths of 100%

[illegible]

LIFFE US TREASURY BOND FUTURES OPTIONS $100,000 64ths of 100%

[illegible]

LIFFE BUND FUTURES OPTIONS DM250,000 points of 100%

[illegible]

LIFFE EURODOLLAR OPTIONS

[illegible]

LIFFE EUROMARK OPTIONS

[illegible]

LIFFE SHORT STERLING OPTIONS £500,000 points of 100%

[illegible]

LONDON (LIFFE)

20-YEAR 9% NOTIONAL GILT £50,000 32nds of 100%

[illegible]

US TREASURY BONDS 8% $100,000 32nds of 100%

[illegible]

6% NOTIONAL GERMAN GOVT. BUND DM250,000 100ths of 100%

[illegible]

6% NOTIONAL LONG TERM JAPANESE GOVT. BOND Y100m 100ths of 100%

[illegible]

THREE MONTH STERLING £500,000 points of 100%

[illegible]

THREE MONTH EURODOLLAR $1m points of 100%

[illegible]

THREE MONTH EUROMARK DM 1m points of 100%

[illegible]

THREE MONTH ECU Ecu 1m points of 100%

[illegible]

FT-SE 100 INDEX £25 per full index point

[illegible]

POUND-$ (FOREIGN EXCHANGE)

[illegible]

IMM-STERLING $s per £

[illegible]

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

[illegible]

U.S. TREASURY BILLS (IMM) $1m points of 100%

[illegible]

JAPANESE YEN (IMM) Y12.5m $ per Y100

[illegible]

DEUTSCHE MARK (IMM) DM125,000 $ per DM

[illegible]

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

[illegible]

STANDARD & POORS 500 INDEX

[illegible]

STERLING (IMM) Se per £

[illegible]

PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per £1)

[illegible]

10 YEAR 10% NOTIONAL FRENCH BOND (MATIF) FUTURES

[illegible]

OPTION ON LONG-TERM FRENCH BOND (MATIF)

[illegible]

THREE-MONTH PIBOR FUTURES (MATIF) (Paris interbank offered rate)

	Open	Close	Change	High	Low	Yield	Open int.
September	89.65	89.65	-0.01	89.69	89.65	10.34	8,205
December	89.65	89.66	-	89.71	89.64	10.34	12,659
March	89.61	89.63	-	89.67	89.61	10.37	2,928
June	89.67	89.67	+0.04	89.67	89.67	10.37	593

Estimated volume 5,658 Total Open Interest 24,385

CAC-40 FUTURES (MATIF) Stock Index

	Open	Close	Change	High	Low	Open int.
September	1590.0	1624.0	+18.0	1625.0	1587.0	9,988
October	1602.5	1626.0	+16.5	1626.0	1602.0	485
November	1614.0	1614.0	-7.0	1614.0	1614.0	-
December	-	-	-	-	-	51

Estimated volume 4,916 Total Open Interest 10,524

> **FT GUIDE TO WORLD CURRENCIES**
> Every Tuesday in the FT

BANK RETURN

BANKING DEPARTMENT	Wednesday September 5, 1990 £	Increase or decrease for week £
LIABILITIES		
Capital	14,553,000	
Public Deposits	32,226,992	- 4,525,282
Bankers Deposits	1,754,933,864	+ 84,558,397
Reserve and other Accounts	2,076,862,974	+ 215,676,239
	3,878,638,830	+ 296,709,354
ASSETS		
Government Securities	1,336,461,113	- 109,035,000
Advance and other Accounts	691,611,302	+ 39,472,074
Premises Equipment & other Secs	1,845,641,054	+ 367,496,742
Notes	4,696,627	- 1,205,540
Coin	226,734	- 19,922
	3,878,638,830	+ 296,709,354
ISSUE DEPARTMENT		
LIABILITIES		
Notes in circulation	15,815,301,373	- 348,794,460
Notes in Banking Department	4,698,627	- 1,205,540
	15,820,000,000	- 350,000,00
ASSETS		
Government Debt	11,015,100	
Other Government Securities	12,415,953,146	+ 1,834,031,707
Other Securities	3,393,031,754	- 2,184,031,707
	15,820,000,000	- 350,000,000

MONEY MARKETS

London rates firm

THE UPWARD trend in London interest rates continued yesterday. Rates firmed on Thursday after the Bank of England sent a strong signal to the money market that bank base rates are not to be cut. This trend was reinforced when Mr John Major, the UK Chancellor, ruled out Britain becoming a full member of European Monetary System this week-end.

Three-month interbank rose to 14⁹⁄₁₆-14⅞ per cent in early

> UK clearing bank base lending rate
> 15 per cent
> from October 5,1989

trading and closed at that level, compared with 14⁹⁄₁₆-14⅜ per cent on Thursday. One-year money advanced to 14⅝-14½ per cent from 14⅞-14⅜.

The EMS news pushed prices of short sterling futures lower on Liffe. December delivery opened weak at 85.72 and fell to a low of 85.65, before closing at 85.68 against 85.81 previously.

Credit conditions were fairly comfortable on the money market. The Bank of England initially forecast a day-to-day shortage of £350m, but revised this to £250m at noon and back to £350m in the afternoon.

Total help of £114m was given. The authorities did not operate in the market during the morning, but in the afternoon bought £74m Treasury bills in band 1 at 14⅞ per cent. Late assistance of around £40m was also provided.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £267m, with a rise in the note circulation absorbing £515m. These outweighed Exchequer transactions adding £400m to liquidity and bank balances above target of £50m.

At the weekly Treasury bill tender the average rate of discount on 91-day bills fell to 14.2984 from 14.8146 per cent. The top accepted rate of discount rose to 14.3192 from 14.2992 per cent. This was equal to a price of £96.43 and bids at that level received around 4 per cent of the amount applied for. The £500m bills on offer attracted £2.437bn, compared with £2.883bn for a similar amount last week.

The average rate of discount on £200m of 182-day bills advanced to 13.7040 from 13.6945 per cent. These met applications of £913m, against £735m for the same number of bills last week. Applications at the top accepted rate of 13.7276 per cent received about 47 per cent.

Next week another £500m of 91-day bills and £200m of 182-day bills will be on offer.

FT LONDON INTERBANK FIXING

(11.00 a.m. Sept 7) 3 months US dollars		6 months US Dollars	
bid 7⅞	offer 8⅛	bid 7⅞	offer 8⅛

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

		Treasury Bills and Bonds			
Prime rate	10	One month	7.53	Three year	8.20
Broker loan rate	9¾	Two month	7.71	Four year	8.38
Fed.funds	8⅛	Three month	7.64	Five year	8.46
Fed.funds at intervention	-	Six month	7.72	Seven year	8.71
		One year	7.76	10-year	8.82
		Two year	8.02	30-year	8.95

Sept 7	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	7.95-8.05	8.10-8.25	8.20-8.35	8.30-8.45	8.60-8.75	8.00
Paris	9⅞-10⅛	10-10⅛	10⅛-10¼	10¼-10⅜	10⅜-10½	9.50
Zurich	5½-6½	7¼-8	-	8-8¼	-	-
Amsterdam	8.25-8.38	8.27-8.33	-	8.48-8.55	-	-
Tokyo	7⅛-7⅞	8⅛-8¼	-	8⅛-8¼	-	-
Milan	10½-10⅞	9⅞-10	-	10⅜-11¼	-	-
Brussels	8.60	9⅞-9⅞	-	9⅞-9⅞	-	-
Dublin	10¼-10½	10⅞-10⅞	11¼-11½	11½-11⅝	11⅜-11⅞	-

LONDON MONEY RATES

Sep 7	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	15½	14⅞	14⅞	14⅞	14¾	14⅞
Interbank Bid	14½	14⅞	14⅞	14⅞	14⅝	14⅝
Sterling CDs.	-	-	14⅞	14⅞	14⅝	14⅝
Local Authority Deps.	15	14⅞	14⅞	14⅞	14⅝	14⅝
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps.	14⅞	14⅞	14⅞	14½	-	-
Company Deposits	-	-	14⅞	14⅞	14⅞	14½
Finance House Deposits	-	-	14⅞	14⅞	14⅞	14½
Treasury Bills (Buy)	-	-	14⅞	14⅞	-	-
Bank Bills (Buy)	-	-	14⅞	14⅞	13⅞	-
Fine Trade Bills (Buy)	-	-	15⅛	14⅞	14⅛	-
Dollar CDs.	-	-	8.00	8.00	8.00	8.15
SDR Linked Dep. Offer	-	-	9⅛	9⅛	9⅛	9⅛
SDR Linked Dep. Bid	-	-	8⅞	9⅛	9⅛	9⅛
ECU Linked Dep. Offer	-	-	9⅝	10⅛	10⅛	10⅛
ECU Linked Dep Bid	-	-	9⅝	10⅛	10⅛	10⅛

Treasury Bills (sell): one-month 14⅞ per cent; three months 14⅞ per cent; six months 13⅞ per cent; Bank Bills (sell): one-month 14⅞ per cent; three months 14⅞ per cent; Treasury Bills; Average tender rate of discount 14.2984 p.c ECGD Fixed Rate Sterling Export Finance. Make up day August 31 1990. Agreed rates for period Sept 26,1990 to Oct 23, 1990, Scheme I: 15.80 p.c., Schemes II & III: 16.27 p.c. Reference rate for period Aug 1,1990 to Aug 31, 1990, Scheme IV&V: 15.021 p.c Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 15 from September 1, 1990: Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 11½ per cent, one-three months 13 per cent; three-six months 13 per cent; six-nine months 13 per cent; nine-twelve months 13 per cent. Under £100,000 11½ per cent from Oct 9,1989, Deposits withdrawn for cash 5 per cent.

BASE LENDING RATES

	%		%		%
ABN Bank	15	Coutts & Co	15	NatWestminster	15
Adam & Company	15	Cyprus Popular Bk	15	Northern Bank Ltd	15
Allied Trust Bank	15	Dunbar Bank PLC	15	Nykredit Mortgage Bank	15½
Allied Irish Bank	15	Duncan Lawrie	15	Provincial Bank PLC	16
● Henry Ansbacher	15	Equatorial Bank plc	15	Roxburghe Bank Ltd.	15½
Associates Cap Corp	15½	Exeter Trust Ltd	15½	Royal Bk of Scotland	15
● B & C Merchant Bank	15	Financial & Gen. Bank	15	Royal Trust Bank	15
Bank of Baroda	15	First National Bank Plc	16¼	● Smith & Williamson Secs.	15
Banco Bilbao Vizcaya	15	● Robert Fleming & Co.	15	Standard Chartered	15
Bank Credit & Comm	15	Robert Fraser & Ptnrs.	15½	TSB	15
Bank of Cyprus	15	Girobank	15	Unibank plc	15
Bank of Ireland	15	● Guinness Mahon	15	● United Bk of Kuwait	15
Bank of India	15	HFC Bank plc	15	United Mizrahi Bank	15
Bank of Scotland	15	● Hambros Bank	15	Unity Trust Bank Plc	15
Banque Belge Ltd	15	Hampshire Trust Plc	15½	Western Trust	15
Barclays Bank	15	Heritable & Gen Inv Bnk	15	Westpac Bank Corp.	15
Benchmark Bank	15	● Hill Samuel	§15	Whiteaway Laidlaw	15
Brit Bk of Mid East	15	C. Hoare & Co.	15	Yorkshire Bank	15
● Brown Shipley	15	Hongkong & Shangh	15		
CL Bank Nederland	15	● Leopold Joseph & Sons	15		
● Charterhouse Bank	15	Lloyds Bank	15		
Citibank NA	15	Meghraj Bank Ltd	15		
City Merchants Bank	15	McDonnell Douglas Bnk	15		
Clydesdale Bank	15	Midland Bank	15		
Comm.Bk.of London Plc	15	Mount Banking	15		
Co-operative Bank	*15	Nat Bk. of Kuwait	15		

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MONEY MARKET FUNDS

Money Market Trust Funds

[illegible]

Money Market Bank Accounts

[illegible]

Citibank Savings
St Martins Hse, Hammersmith Grove W6 081-741 4941
Money Market Plus

	Gross	Net	CAR	Int. Cr
£2,000-£24,999	11.00	8.50	11.79	Mth
£25,000	11.50	9.00	12.51	Mth

NOTES—Gross rate is rate payable to those exempt from composite rate of tax. Net: actual rate after deduction of CRT. Gr Equiv CAR: Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr: frequency interest credited.

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 535(2) and Third Market stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. ♦ Bargains done the previous day.

British Funds, etc

No. of bargains included 1871

Guaranteed Export Finance Corp PLC 12¾% Gtd Ln Stk 2002(Reg) – £101⅞

Corporation and County Stocks

No. of bargains included 2

London County 2½% Cons Stk 1920(or after) – £23 (5Se90)

Corp of London 3½% Deb Stk 89/93 – £77 (31Au90)

UK Public Boards

Commonwealth-Government

Foreign Stocks, Bonds, etc-(coupons payable in London)

Sterling Issues by Overseas Borrowers

Banks and Discount Companies

Mitsubishi Trust & Banking Corp Shs of Com Stk Y50 – Y1485.50 70 8.998697 .97 83.24 .481515 98.67 500.60564

National Westminster Bank PLC 7% Cum Prf £1 – 56

TSB Hill Samuel Bank Holding Co PLC 8%

Standard Chartered PLC 12⅞% Subord Uns Ln Stk 2002/07 – £91⅞

Breweries and Distilleries

Commercial, Industrial, etc

Financial Trusts, Land, etc

Insurance

Investment Trusts

Mines – Miscellaneous

Mines – South African

Oil

Plantations

Property

Railways

Shipping

Unit Trusts

Utilities

Water

Miscellaneous Warrants

USM Appendix

The Third Market Appendix

No. of bargains included 115

Leading Leisure PLC New Ord 5p – 16

Rule 535(2)

No. of bargains included 21

African Gold PLC Ord 1p – £0.08
Arsenal Football Club Ld Ord £1 – £4200 (3Se90)
Birmingham City Football Club Ld Ord 25p – £0.55
Falmouth Hotel PLC Ord £1 – £24 (31Au90)
Fenwick Ld 6¾% Deb Stk 89/94 – £81½ (31Au90)
Flightspares PLC Ord 10p – 28½ (31Au90)
Jersey Canning Co Ld 4% Cum Prf £1 – £0.3 (5Se90)
Jersey Gas Co Ld 3% Cum Prf £1 – £0.22 (5Se90)
5% A Cum Prf £1 – £0.37 (5Se90)
Kleinwort Benson(Guernsey) Fund Man International Income – £1.845 (31Au90)
MIM Britannia International Ld Japan Income & Growth – £1.582
Manchester United Football Club Ld Ord £1 – £25
Merrett Hldgs PLC Ord 10p – £0.85 (5Se90)
Newspaper Publishing PLC Ord 1p – £4.15
Park Estates(Liverpool) Ld £1 – £3.33 (5Se90)
Rangers Football Club PLC Ord £1 – £80
Sun Oil Britain Ld Oil Royalty Stk Units 1p – £0.02 (4Se90)
Thwaites(Daniel) & Co PLC Ord 25p – £2.4 (31Au90)
Transatlantic Hldgs PLC Ord 50p – £3.2 3.4 (4Se90)
Weetabix Ld "A" Non.V Ord 25p – £5⅜ (4Se90)

RULE 535 (4) (a)

Bargains marked in securities where principle market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

American Home Products $45.14847 ♦ (6/9)
Arcadia Minerals A$.059 (4/9)
Banner Inds $9.53 (6/9)
Beach Petroleum 450 (6/9)
Beverly Enterprises $5.25,5.5.127 (4/9)
Boral Ord. Stk. A$3.223675,3.24292 (6/9)
City Developments S$2.98729 (6/9)
Community Psychiatric Centers $24.625 (5/9)
DaiNippon Screen Manufacturing Co. Y1,453.33333 (5/9)
Eastcourt Ord A$0.01472 (6/9)
Emali Ord Stk A$3.03208 (6/9)
Eurocan Ventures C$0.03 ♦ (6/9)
Grants Patch Mining A$0.3528 (6/9)
Hong Leong Credit M$5.2 (4/9)
Jimberlana Minerals 2500 ♦ (6/9)
Kern Corp A$0.0416 (6/9)
Kredietbank BF3661.84,3682.86923 (6/9)
Malaysian Plantations £10.00 ♦ (6/9)
National Electronics (Consolidated) ♦ 5.5,P3.5,5.5 (4/9)
Ningiol Mining A$1.73641 (4/9)
Nixdorf Computers DM289.00 289.88 (6/9)
Noranda Inc. £7.375 (31/8)
North Borneo Timbers M$1.3266 (4/9)
North Flinders Mines £1 00 (4/9)
Oceaneering Int ♦ £8.625 (5/9)
Oil Search £18.00,21.00,23.00 (6/9)
Overseas Chinese Banking Corp S$7.56969 (4/9)
Regal Hotels (Hldgs) 400 ♦ (31/8)
Regent Mining A$0.02 (6/9)
United Overseas Land £39.00 (6/9)
Vam A$0.13070 (31/8)

By Permission of the Stock Exchange Council

MILL RIDE GOLF CLUB Plc

(Incorporated in England under the Companies Act 1985 – No. 2515069)

The Directors of the Company, whose names appear under "Directors and Advisers", are the persons responsible for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.

Copies of this document, having attached thereto the documents specified in paragraph 12 of Part III, "Statutory and General Information", have been delivered to the Registrar of Companies in England and Wales for registration in accordance with Section 64 of the Companies Act 1985.

This document is not intended for distribution and should not be distributed to US Persons as defined herein or to persons with addresses in the US or its territories or possessions or to persons with addresses in or residents of the Netherlands, the Grand-Duchy of Luxembourg, Canada and its provinces or territories or Japan or to any corporation, partnership or other entity created or organised under the laws of the Netherlands, the Grand-Duchy of Luxembourg, Canada or Japan. Any such distribution could result in a breach of US, Canadian, Netherlands, Luxembourg or Japanese laws.

The issued and to be issued Ordinary Shares of the Company are not listed on any stock exchange and no application is being made to any stock exchange for a listing or for a grant of permission to deal in any part of the Company's share capital.

MILL RIDE GOLF CLUB

at Ascot in the Royal County of Berkshire

Offer by Smith New Court Corporate Finance Limited on behalf of London Securities Plc

of up to 500 fully paid ordinary shares of £20,000 each in the Company at £25,000 per share payable in full on application (together with £125 for stamp duty)

Share Capital

Authorised:		Issued and to be issued:
£12,000,000	in ordinary shares of £20,000 each	£12,000,000

The Ordinary Shares issued and to be issued rank in full for any dividends and other distributions hereafter declared, paid or made on the ordinary share capital of the Company.

Save as referred to below, on 31st August 1990 the Company had no loan capital (including term loans) outstanding, or created but unissued, or any outstanding mortgages, charges, debentures or other borrowings or indebtedness in the nature of borrowing, including bank overdrafts and liabilities under acceptances, or acceptance credits, obligations under finance leases, hire-purchase commitments, or any guarantees or other material contingent liabilities. Your attention is drawn to the Company's potential liabilities under the agreements referred to under the heading "Material Contracts" in paragraph 7 of Part III and to the financial arrangements described in section 4 of Part I.

The Procedure for Application and an Application Form will be found at the back of this document as Appendices A and B respectively. The subscription lists shall open at 10.00 am on Wednesday 12th September 1990 and may be closed at any time thereafter. The Offer is conditional upon valid applications for not less than 100 Ordinary Shares having been received by 3.00 pm on 31st December 1990.

Note to Prospective Investors

Prospective investors should make their own independent assessment of the merits or otherwise of the acquisition, holding or disposal of Ordinary Shares and should not construe the contents hereof as advice relating to legal, taxation or investment matters. Prospective investors are advised to consult their own professional advisers concerning any such acquisition, holding or disposal of Ordinary Shares. In particular, they should inform themselves as to:

(a) the applicable laws relating to securities and other regulations within the countries of their nationality, residence, ordinary residence or domicile relating to the acquisition, holding or disposal of Ordinary Shares;

(b) any foreign exchange or exchange control restrictions to which they might be subject on the acquisition, holding or disposal of Ordinary Shares; and

(c) any tax or other fiscal consequences of the acquisition, holding or disposal of Ordinary Shares.

Prospective investors are reminded that an investment in unquoted securities carries risks as well as the opportunity of rewards. The Ordinary Shares are not, and are not intended to be, listed or dealt in on a recognised investment exchange. As a result they may be difficult to sell and it may be difficult to assess a proper market price for them at any time. In addition, Ordinary Shares will not be transferable without the consent of the Directors until all 600 shares or such lesser number as London Securities shall determine have been disposed of by London Securities (save that this restriction shall not in any event apply after 31st December 1993).

Definitions

"the Company"	Mill Ride Golf Club Plc
"the Directors" or "the Board"	the Board of Directors of the Company
"Ordinary Share(s)"	ordinary share(s) of £20,000 each in the Company
"London Securities"	London Securities Plc
"MRI"	Mill Ride Investments Limited, a wholly owned subsidiary of London Securities
"Smith New Court"	Smith New Court Corporate Finance Limited, the sponsor to the Offer
"the Offer"	the offer of up to 500 Ordinary Shares by Smith New Court on behalf of London Securities pursuant to this document
"the Closing Date"	the date on which the subscription lists are closed being 31st December 1990 or such earlier date as may be determined by London Securities
"the Club"	Mill Ride Golf Club
"the Club Rules"	the Rules of the Club as adopted by the Committee on 6th September 1990
"the Committee"	the Committee of the Club
"the Opening Date"	the formal opening date of the Club, which is expected to be in April 1992
"the Property"	the land at Mill Ride Estate, North Ascot on which the Course and clubhouse are situated
"the Course"	the eighteen hole golf course being constructed on the Property
"the Lease Agreement"	the conditional agreement dated 6th September 1990 between MRI(1) the Company(2) and London Securities(3) more particularly described in paragraph 7(a) of Part III whereby MRI has agreed to grant the Lease to the Company
"the Lease"	the lease of the Property to be granted by MRI to the Company pursuant to the Lease Agreement for a term of 999 years at a fixed annual rent of £10 more particularly described in paragraph 8 of Part III
"the Subscription Agreement"	the subscription agreement dated 6th September 1990 between the Company(1) London Securities(2) and MRI(3) as described in paragraph 7(b) of Part III
"the Management Agreement"	the conditional management agreement dated 6th September 1990 between the Company(1) MRI(2) and London Securities(3) as described in paragraph 7(c) of Part III
"the Articles"	the Articles of Association of the Company
"US"	the United States of America (including the State and the District of Columbia), its territories and possessions and all other areas subject to its jurisdiction

Directors and Advisers

Directors
David Brian Pearl
Richard Other Prickett
Christopher Richard Freemantle
Robert Andrew Newman
Antonio Herrera
Kenjiro Ohno
David Louis Franks
Geoffrey Edward Jeremy Clarke
all of Mill Ride Estate, Mill Ride, North Ascot, Berks SL5 8LT

Secretary & Registered Office
Kenneth William West Lane, FCA,
Mill Ride Estate
Mill Ride
North Ascot
Berks SL5 8LT

Bankers
Barclays Bank PLC
New Bond Street Business Centre
Renoir House
136 New Bond Street
London W1Y 9FA

Registrars
The Royal Bank of Scotland plc
Owen House
PO Box 435
8 Bankhead Crossway North
Edinburgh EH11 4BR

Developer
Mill Ride Investments Limited
Mill Ride Estate
Mill Ride
North Ascot
Berks SL5 8LT

Sponsor
Smith New Court
Corporate Finance Limited
24 St Swithin's Lane
London EC4N 8AE

Solicitors to the Company and to London Securities Plc
Blyth Dutton
8 & 9 Lincoln's Inn Fields
London WC2A 3DW

Auditors & Reporting Accountants
Cape & Dalgleish
Chartered Accountants
401 St John Street
London EC1V 4LH

Golf Course Architect
Donald Steel
Donald Steel & Co. Ltd
The Forum
Stirling Road
Chichester
West Sussex PO19 2EN

Course Manager
Gordon Irvine
Chavey Orchard
94 Locks Ride
Chavey Down
Ascot
Berks SL5 8QX

Timetable of Construction of the Course and the clubhouse

		Progress as at 1st September 1990
1988		
September	Removal of top soil and landscaping of holes 3, 4, 5 and 8 to 13	Completed
November	Installation of irrigation and drainage of holes 3, 4, 5 and 8 to 13	Completed
1989		
February	Appointment of Course Manager	Completed
March	Seeding of holes 3, 4, 5 and 8 to 13 and commencement of growing-in period for those holes	Completed
April	Appointment of 5 greenkeeping staff	Completed
1990		
April	Removal of top soil and contouring of landscape on holes 1 and 2 and 14 to 18	Completed
May	Commence refurbishment of clubhouse building	In progress
June	Removal of top soil and landscaping of holes 6 and 7	Completed
July	Installation of irrigation and drainage of holes 1, 2, 6, 7 and 14 to 18	Completed
September	Seeding of holes 1, 2, 6, 7 and 14 to 18 and commencement of growing-in period for those holes	—
1991		
January	Completion of course development contract	—
February	Commence fitting out of clubhouse	—
November	Appointment of Club Treasurer, Secretary, Captain and Vice-Captain	—
1992		
January	Recruitment of clubhouse staff, appointment of Professional and remaining greenkeeping staff	—
April	Formal opening of Course and clubhouse	—

These dates may be affected by abnormal weather conditions or construction delays.

PART I: MILL RIDE GOLF CLUB

1. THE CLUB

Location

Mill Ride Golf Club is in the heart of Berkshire's golfing country a few minutes by car from Ascot racecourse and a short drive from London. The M4 is immediately to the North, the M3 to the South and the M25 to the East. A frequent rail service operates between Ascot Railway Station and Waterloo Station in London, and Heathrow Airport is a short distance away.

History of Mill Ride

The estate on which Mill Ride Golf Club has been established comprises approximately 150 acres of 'parkland'. Formerly known as The Windsor Forest Stud, the original Lutyens style courtyard buildings were built by Sir William Waldren in 1931. In 1946, the estate was purchased by the Crown and, thereafter, provided the stabling facilities for Ascot racecourse which is only 2 miles away. Following the construction of on-course stabling in the 1970's, the estate passed into private ownership for some time before being purchased by MRI.

Concept

It was decided by the directors of London Securities to establish a golf club of the highest quality, to comprise a first class private members club and a course to rival the finest in the UK. A brief was provided to the designer and the construction team to build a course combining the natural aesthetic attributes of the landscape with challenging layouts and the highest quality construction specifications. The Course will provide an enjoyable game for the average golfer as well as a challenging test of skill from the more difficult championship tees.

The Architect

The Course has been designed by Donald Steel, one of Europe's leading golf course architects and currently President of the British Association of Golf Course Architects. Over the last six years he has been adviser to The Royal & Ancient Golf Club of St Andrews on the Open and Amateur championship courses, such as Royal St George's and Turnberry. He was appointed by the St Andrews Links committee to redesign the Jubilee course in 1987 and has worked on more than 200 golf course projects across Britain, Europe and Canada.

Donald Steel has said the following about the Course:

"It was very exciting to be provided with a brief and the appropriate budget to build a really exceptional course at Mill Ride. Golf course architects rarely get such a marvellous opportunity to create a course of such challenge and beauty. It has certainly been one of the most stimulating and enjoyable exercises that I have ever faced.

"These holes require as much thinking as playing. Players will have to develop their strategy on the tee and hit the shots to match if they are to play successfully. At the same time, there should always be an alternative way of playing any hole if the bold and spectacular route is not chosen.

"I expect Mill Ride to become a very popular and well known course in the near future and some of its holes to rank among the 'greats of golf' both in a playing sense and in terms of appearance. The lakes have added great beauty to the setting and when the rhododendrons are in full bloom, the course can 'out-augusta' Augusta."

Mr Jim Arthur, the renowned agronomist and golf course adviser, has regularly visited Mill Ride since course construction commenced in 1988 in order to provide independent supervision of the works and to assure London Securities that the design and construction brief was executed to exacting standards. Extracts from his report on the first nine holes follow:

— "... amongst the very best nine holes in the whole of Britain."

— "I doubt if you could get better greens, surrounds and tees however hard you tried. These greens rank in the very top in the country."

— "I would like to congratulate all concerned ... in producing a course which is amongst the very best in the country."

— "At Mill Ride you have a combination of good golfing country as well as attractive surroundings, plus a design which makes the best and the most interesting and challenging use of the natural topography, aided by some, but not excessive, man-made improvements."

— "... that excellence which one finds on only a few of our old unspoilt links and heathland courses."

Construction

Construction of the Course began in August 1988. Nine holes are in the latter stages of their 'growing-in' period and a further nine holes are undergoing seeding. The refurbishment of the clubhouse commenced in May 1990 and is progressing on schedule for completion in February 1991. Following a 'growing-in' period of a further thirteen months it is anticipated that the Club will be formally opened in April 1992.

Facilities

Mill Ride Golf Club will consist of an eighteen hole championship-level golf course together with practice facilities comprising a driving range and a putting green. In addition to the usual bar and restaurant facilities, the clubhouse will include a 'pro' shop, a gymnasium, sauna, steam bath and massage room, and en suite bedrooms and bathrooms.

Prospective investors who wish to view the Course may do so, but by prior appointment only. To arrange an appointment please telephone Rosemary Johnson on 0344-885444.

Investment potential

Golf has been increasing in popularity at such a rate over the last decade that demand has significantly exceeded supply. The Royal & Ancient Golf Club of St Andrews has estimated that a further 700 courses are required just to cater for existing domestic demand. In heavily populated or urban areas, and particularly in the South East, there is a greater than average shortage of club membership availability.

Most of the best golf courses in Britain, particularly in the South East, tend to have closed memberships and/or extremely long waiting-lists. A similar situation exists at most other courses within easy reach of London. The Directors believe that this problem is unlikely to be helped to any great extent in the near future because of the relative lack of appropriate land with available planning permission.

By offering for sale a restricted number of shares in the Company, the Directors believe that shareholders will not only have the opportunity to benefit from the highest standard facilities of an exclusive golf club but will also participate in any potential increase in the value of their investment. Similar membership-investment systems in golf clubs in other countries have resulted in capital growth. Your attention is drawn to the paragraph headed 'Note to Prospective Investors' above.

London Securities

London Securities is an investment holding company listed on The London Stock Exchange. Mill Ride Estate is currently owned by MRI, a wholly-owned subsidiary of London Securities, and Mill Ride Golf Club Plc has been established by London Securities to acquire the Course and associated facilities and operate the Club. Whilst London Securities remains associated with the Company, the directors of London Securities will endeavour to continue to develop the Mill Ride Golf Club to become an exclusive eighteen hole golf club for the benefit of members and their guests. London Securities is the promoter of the Company, and in this regard your attention is drawn to paragraph 10(d) of Part III of this document.

2. MEMBERSHIP

There will be three categories of membership: full membership for a shareholder wishing to nominate a specified individual; corporate five-day membership for a shareholder which acquires more than one share and does not wish to restrict the use of the Club's facilities to a specified individual; and temporary membership.

The total number of members including all categories will not exceed 600 at any one time.

Full Members

Each Ordinary Share will entitle its holder to nominate an individual (who may be the shareholder) for full membership of the Club. Any individual who is nominated will become a full member subject to the Committee approving the nomination. If the Committee does not approve a nomination, the shareholder will be permitted to make a further nomination or nominations until an approved nomination has been made. It is expected that most individual shareholders will nominate themselves as full members. Before being accepted as a member, the individual will be required to pay a joining fee equivalent to one year's membership fees and to agree to abide by the Club Rules, *including as to the payment of annual fees as referred to below.* The joining fee for members admitted prior to the Opening Date will become payable at the same time as the first year's membership fees.

Corporate Five-day Members

Any shareholder who holds more than one Ordinary Share in the Company may appoint a corporate five-day member (which may be the shareholder) instead of a full member in respect of each share held, *provided that* the number of corporate members appointed by any one shareholder must not exceed the number of full members appointed by that shareholder at any time. Any individual or corporation nominated will become a corporate member subject to the Committee approving the nomination. If the Committee does not approve the nomination, the shareholder will be permitted to make a further nomination or nominations until an approved nomination has been made.

A corporate five-day member shall be entitled to enjoy the use of all the facilities of the Club on any week day, but shall have no right to enjoy the use of any of the Club's facilities at weekends or on Bank Holidays. However, the membership rights of a corporate five-day member (unlike those of a full member) shall not be personal to the individual, but may be used by any individual authorised by the corporate member *provided that the individual holds a current official handicap certificate.* Before being accepted as a corporate five-day member, the individual or corporation appointed as such will be required to pay a joining fee equivalent to one year's membership fees and to agree to abide by the Club Rules, including as to the payment of annual fees as referred to below.

Annual Fees for Full Members and Corporate Five-day Members

In respect of their membership of the Club, full members and corporate five-day members will be liable to pay annual fees, the levels of which the Directors will determine from time to time. The annual fees for the first full year of operation of the Club, which is anticipated to commence in April 1992 are expected to be approximately £950 (plus VAT) for each member. The Club is intended to be non profit making, and the anticipated level of membership fees has been calculated on the basis that income, including membership fees, will cover outgoings.

Members will be liable to pay their membership fees annually in advance, and demands will be sent out prior to the commencement of each membership year. The membership year is expected to run from 1st April to 31st March. The Committee reserves the right to suspend membership for the whole of any membership year in respect of which the fees are not paid. In the event that membership is suspended the member will nevertheless remain liable for the annual fees.

Temporary Members

The maximum number of members entitled to belong to the Club at any one time is 600. Once all of the shares in the Company have been taken up by outside subscribers, it is envisaged that a full member or *corporate five-day member will have been appointed in respect of each* share, in which event no temporary membership will be available. However, a shareholder may fail to appoint a member or alternatively an existing member may be suspended owing to non payment of annual fees.

In order to ensure that the Club receives sufficient revenue from membership fees, the Committee reserves the right to offer temporary membership to persons other than those nominated by shareholders, *provided that the total number of all members at any time shall not* exceed 600. No temporary memberships shall be granted for a period of more than one year.

Temporary members shall, like full members, be subject to the approval of the Committee. Fees for temporary members, who will enjoy similar rights to full members (but will not be entitled to vote at the Club's Annual Meeting or at any Extraordinary Members Meeting), shall be determined by the Board.

Members' guests

Members will have the following rights and privileges in relation to the Club:

(a) A full member or temporary member may introduce up to 3 playing guests on weekdays and 1 playing guest at weekends and on public holidays on payment of guest fees;

(b) A corporate five-day member may introduce up to 3 playing guests at a time on weekdays only on payment of guest fees;

(c) No member may introduce the same playing guest more than 6 times in the same membership year without the prior consent of the Club Secretary.

The level of guest fees will be determined by the Directors, and are expected initially to be £25 (plus VAT) per round. A member may introduce his spouse and children to the Club on payment of guest fees, subject to the consent of the Club Secretary.

Your attention is drawn to the summary of certain provisions of the Club Rules contained in paragraph 9 of Part III.

3. MANAGEMENT

Directors

The Board of the Company comprises the following individuals:

David B. Pearl – Chairman

David B. Pearl, aged 46, is a Fellow of the Institute of Chartered Accountants. He is Chairman of London Securities and a board member of Medway Ports Authority. He has been directly involved with the Mill Ride project since its inception and is a member of Royal St. George's, Wentworth and Maidenhead Golf Clubs.

C.R. Freemantle

Dickie Freemantle, aged 49, is Property Director of London Securities and Chairman of Flagstone Holdings Plc. He has had overall responsibility for the construction and development of the golf course and clubhouse at Mill Ride and is a member of Wentworth Golf Club.

R.Ö. Prickett

Richard Prickett, aged 39, is a Fellow of the Institute of Chartered Accountants and Managing Director of London Securities. He is the Chairman of Firstland Oil & Gas Plc and a non-executive director of Regent Inns Plc.

R.A.Newman – Director of Golf

Bob Newman, aged 52, has been a member of the PGA for 33 years. He retired from the international circuit in 1975 and was the Head Professional at Maidenhead Golf Club for 27 years, until becoming Director of Golf at MRI in 1989.

D.L.Franks

David Franks, aged 44, is a Fellow of the Institute of Chartered Accountants and Chief Executive of Regent Inns Plc. He is a member of The Berkshire Golf Club and Royal Cinque Ports Golf Club.

A. Herrera

Antonio Herrera, aged 47, is Managing Director of the Balvanera Polo & Country Club in Mexico, where he is currently supervising the construction of an eighteen-hole championship golf course, together with residential properties.

G.E.J. Clarke

Edward Clarke, aged 40, is a Vice President of Citicorp Investment Bank (Switzerland). He is a Fellow of the Institute of Chartered Accountants and an underwriting Member of Lloyds of London. He is a member of Royal St George's Golf Club, The Berkshire Golf Club, Club de Bonmont, Geneva and the Golf and Country Club de Maison Blanche, Echenevex, France.

K. Ohno

Kenjiro Ohno, aged 49, is the proprietor of Sakura and Miyako, japanese restaurants in London. He is a member of Woburn and Wentworth Golf Clubs.

All of the Directors will be non-executive (other than Robert Newman) and each will receive a Director's fee of £5,000 per annum; the Chairman will also receive an additional fee of £5,000 per annum. With effect from the end of the first and each subsequent membership year such fees may be increased in line with inflation, but any further increase requires the approval of shareholders in general meeting.

The Directors will retire by rotation and become eligible for re-election by shareholders as described under the heading "Directors" in paragraph 5 of Part III. Any non-executive Director who has failed to acquire an Ordinary Share prior to the Opening Date at the amount payable under the Offer will be disqualified from acting as a Director. A replacement for any vacancy on the Board may be appointed by the remaining Directors.

Details of the service agreement to be entered into between the Company and Robert Newman are set out in paragraph 6(a) of Part III of this document.

The Committee

The Committee will comprise the Captain, the Vice-Captain, the Treasurer and the Directors of the Company. The Board will appoint the first Captain, Vice-Captain and Treasurer who will hold office until the first Annual Meeting of the Club. Thereafter the Captain, Vice-Captain and Treasurer will be appointed by the members in accordance with the Club Rules, and will hold office for one year, at the end of which they will not be eligible for re-appointment for the following year.

The Committee may elect honorary vice-presidents for such periods as they think fit. Any honorary vice-president may use the Course and clubhouse without payment, but shall not in any other respect have the rights or privileges of a member.

Facilities, Management and Staff

The Company will provide the Club with the Course and the clubhouse together with the ancillary facilities necessary for the operation of the Club. The Company will be responsible for the *provision of staff and for all matters including the expenditure of* money. However, the management and administration of the Club will be the primary responsibility of the Committee and Club Secretary, who will be appointed by the Board and employed by the Company.

4. ESTABLISHMENT OF THE CLUB AND FINANCING ARRANGEMENTS

Establishment of the Club

It is anticipated that work on the Course will be completed by the end of January 1991, and that the refurbishment of the clubhouse will be completed by the end of February 1991. Following a further 'growing-in' period during which the clubhouse will be fitted out, the Club would then be ready for opening in April 1992.

The Property is currently owned by MRI. Under the terms of the Lease Agreement, MRI has agreed to grant to the Company a lease of the Property for a term of 999 years at a fixed annual rent of £10, for a premium of £10.8 million (plus VAT) which will initially be satisfied in part by the issue of an interest-free loan note. Completion of the Lease Agreement will take place on the fourth business day following the Closing Date. Under the terms of the Management Agreement, MRI has agreed to manage the Club until the Opening Date for a total consideration of up to £780,000 (plus VAT). The obligations of MRI under these agreements are guaranteed by London Securities.

It is emphasised that the Lease Agreement is conditional upon a minimum of 100 valid applications for Ordinary Shares being received by not later than 3.00 pm on 31st December 1990. In the event of such condition not having been satisfied, all amounts received from prospective investors will be returned to them forthwith (together with accrued interest thereon), and no Ordinary Shares will be sold pursuant to this document.

In order to provide the Company with sufficient funds to enable it to pay the premium on the Lease, to pay the consideration due under the Management Agreement and to meet its working capital requirements up to the Opening Date, London Securities has agreed to subscribe in cash at par for 600 Ordinary Shares pursuant to the Subscription Agreement, not less than 100 of which shall be fully paid up upon subscription.

Your further attention is drawn to the descriptions of the Lease Agreement, the Subscription Agreement, the Management Agreement and the Lease contained in paragraphs 7 and 8 of Part III of this document.

Working Capital

With effect from the Opening Date it is intended that the Company's working capital requirements will be met from annual fees received from members, along with joining fees, guest fees, and bar and restaurant profits. In the opinion of the Directors, taking into account the proceeds of London Securities' subscription for Ordinary Shares, the Company has sufficient working capital to meet its requirements up to the Opening Date.

Dividends

It is not intended that the Company will make any significant income profits. Accordingly it is not envisaged at this time that the Company will pay dividends.

5. THE OFFER

Terms of the Offer

The Club has been established in such a way that the maximum number of members will be 600 and therefore the authorised share capital of the Company comprises only 600 Ordinary Shares. Up to 500 Ordinary Shares are now being offered pursuant to this document at £25,000 per Ordinary Share (plus stamp duty amounting to £125 per Ordinary Share).

The payment arrangements are described in detail in Appendix A, 'Application Procedure'. Under those arrangements, an amount equal to the application monies (including the amounts payable in respect of stamp duty) received from the applicants will be paid into a separate account with Barclays Bank PLC in the name of The Royal Bank of Scotland plc pending the sale of Ordinary Shares to such applicants being effected.

The Offer will close at 3.00 pm on 31st December 1990, or on such earlier date as London Securities shall determine. If valid applications have not been received for a minimum of 100 Ordinary Shares by the Closing Date, London Securities shall cancel the Offer, in which event all application monies together with interest accrued thereon shall be returned forthwith at the risk of the applicant. If valid applications have been received for not less than 100 Ordinary Shares by the Closing Date, London Securities shall sell Ordinary Shares pursuant to such applications whether or not the Offer has been fully subscribed. In the event that the Offer is oversubscribed, applications will be scaled down or refused in London Securities' sole discretion, in which event application monies pertaining to unsuccessful applications together with interest accrued thereon shall be returned forthwith at the risk of the applicant.

Any Ordinary Shares remaining unsold pursuant to the Offer will be offered for sale in due course and, if appropriate, London Securities and the Company will co-operate in issuing one or more future prospectuses. *It is anticipated that any Ordinary Shares offered* subsequent to this document will be offered at a price not lower than the price payable under the Offer. London Securities intends to reserve a number of the Ordinary Shares retained by it for sale to the non-executive Directors (as referred to above) and the purchasers of a number of properties on or adjacent to Mill Ride Estate. For so long as it retains any Ordinary Shares, London Securities reserves the right to "lease out" on a commercial footing the membership rights attaching to those shares.

Transfer of Ordinary Shares

Ordinary Shares will not be transferable without the consent of the Directors until all 600 shares or such lesser number as London Securities shall determine have been disposed of by London Securities (save that this restriction shall not in any event apply after 31st December 1993). Once the restriction on transfers has ceased to apply, Ordinary Shares will be freely transferable.

Voting rights

To ensure that the Company and therefore the Club are not dominated by one individual or corporation and to encourage diverse membership the Board reserves the right to disenfranchise for the purpose of voting at all general meetings of the Company any person or group of connected persons (as defined in the Articles) who hold, or for whose benefit there are held, more than ten Ordinary Shares. It is not intended that this right be exercised in respect of any Ordinary Shares retained by London Securities immediately following the Offer.

PART II: ACCOUNTANTS' REPORT

Set out below is the text of a report on the Company by Cape & Dalgleish, Chartered Accountants:

Cape & Dalgleish
401 St John Street
London EC1V 4LH
6th September 1990

The Directors
Mill Ride Golf Club Plc
Mill Ride Estate
Mill Ride
North Ascot
Berks SL5 8LT

The Directors
Smith New Court Corporate
Finance Limited
24 St Swithin's Lane
London EC4N 8AE

Dear Sirs,

Mill Ride Golf Club Plc ("the Company") was incorporated on 25th June 1990.

The Company has not yet commenced to trade. No audited financial statements have been prepared in respect of any period since *incorporation. No dividends have been declared or paid.*

Yours faithfully

Cape & Dalgleish
CHARTERED ACCOUNTANTS

PART III: STATUTORY AND GENERAL INFORMATION

1. **The Company**

(a) The Company, whose registered office is at Mill Ride Estate, Mill Ride, North Ascot, Berkshire, SL5 8LT was *incorporated in England under the Companies Act 1985* as a public company limited by shares on 25th June 1990 under No. 2515069. A certificate entitling the Company to do business and to borrow was issued by the Registrar of Companies on 4th September 1990.

(b) The principal objects for which the Company is established, as set out in Clause 4 of its Memorandum of Association, are to establish and carry on Mill Ride Golf Club for the use and accommodation of its members and others at *Mill Ride* Estate, North Ascot.

(c) On incorporation the authorised share capital of the Company was £50,000, divided into 50,000 ordinary shares of £1 each, of which two such ordinary shares were issued fully paid at par to the subscribers.

(d) On 29th August 1990 ordinary resolutions of the Company were duly passed increasing its authorised share capital to £12,000,000 by the creation of an additional 11,950,000 ordinary shares of £1 each and authorising the Directors to allot shares up to the full amount of the enlarged authorised share captial. Immediately thereafter, pursuant to applications received, the Directors allotted 39,999 ordinary shares of £1 each to London Securities for cash at par (a quarter paid up) and 19,999 ordinary shares of £1 each to MRI for cash at par (a quarter paid up).

(e) On 6th September 1990 an ordinary resolution of the Company was duly passed consolidating every 20,000 ordinary shares of £1 issued and unissued into one Ordinary Share of £20,000 and a special resolution of the Company was duly passed adopting new Articles of Association certain provisions of which are summarised in paragraph 5 below.

(f) Pursuant to the Subscription Agreement London Securities has conditionally agreed to subscribe for and the Company has conditionally agreed to allot a further 597 Ordinary Shares on the terms described in paragraph 7(b) below.

(g) Save as aforesaid, there have been no alterations in the share capital of the Company since its incorporation.

(h) No capital of the Company is under option or is agreed conditionally or unconditionally to be put under option and the Company does not have outstanding any convertible debt securities.

2. **Issue Arrangements**

London Securities shall not sell any Ordinary Shares pursuant to the Offer unless valid applications are received for at least 100 Ordinary Shares before 3.00 pm on the Closing Date. If such applications have not been received by the Closing Date then *application monies will be returned forthwith* (together with interest accrued thereon) by first class post at the risk of the applicant.

The amount payable on application is £25,000 per Ordinary Share (representing a premium of £5,000 per Ordinary Share) plus £125 in respect of stamp duty.

In the event that applications are received by the Closing Date for more than 100 Ordinary Shares, thereupon London Securities will sell up to 500 Ordinary Shares on the terms set out in this document. In the event that valid applications have been received for more than 500 Ordinary Shares London Securities reserves the right to refuse and/or scale down applications in its sole discretion, in which event application monies in respect of applications which are not accepted shall be returned forthwith (together with interest accrued thereon) by first class post at the risk of the applicant. Following the Closing Date London Securities *reserves the right to sell the Ordinary Shares retained by* it on such terms and to such persons as it may think fit.

The minimum amount, which, in the opinion of the Directors, is required to be raised by the sale of Ordinary Shares pursuant to the Offer for the matters specified in paragraph 2(a) of Part I of Schedule 3 to the Companies Act 1985 is nil. The amount to be provided otherwise than by the sale of Ordinary Shares pursuant to the Offer for such matters is £12 million made up as follows: (i) purchase price of property, £10.8 million; (ii) expenses and commissions, £1,000; (iii) repayment of monies borrowed for the foregoing, nil; and (iv) working capital, £1,199,000. All such amounts are exclusive of any VAT payable thereon.

The amounts specified above shall initially be provided partly out of the proceeds of the allotment of shares to London Securities pursuant to the Subscription Agreement as referred to in paragraph 7(b) below and partly by way of an unsecured non-interest bearing loan note to be entered into by the Company in a sum not exceeding £7,920,000, as referred to in paragraph 7(a) below. Such loan note shall ultimately be discharged in the manner described in paragraph 7(a) below. No amounts are to be provided otherwise than out of such proceeds for any of the matters referred to in paragraph 2 of Part I of Schedule 3 to the Companies Act 1985.

No part of the proceeds of the Offer will be received by the Company.

For the purpose of Section 82 Companies Act 1985, the time of the opening of the subscription lists is 10.00 am on Wednesday, 12th September 1990.

3. **Shareholdings/Disclosure of Interests**

Immediately following the Offer the Company will remain a subsidiary of London Securities unless valid applications have been received for not less than 300 Ordinary Shares.

The Directors are not aware of any shareholdings (other than that of London Securities) which will represent 3 per cent or more of the issued share capital of the Company immediately following the Offer.

4. **Taxation**

The Company

The Directors consider that immediately following the Offer the Company will not be a close company as defined in the Income and Corporation Taxes Act 1988.

The Inland Revenue has not agreed the market value of the Property at the date of its acquisition by the Company for the purpose of determining the corporation tax position on the Company ceasing to be a subsidiary of London Securities, or on any future disposal of the Property *by the Company.* For corporation tax purposes the Property will be deemed to have been acquired by the Company from MRI at market value. Although no liability is expected to arise, London Securities has indemnified the Company against any liability to tax in connection with the acquisition of the Property by the Company and/or the Company ceasing to be a subsidiary of London Securities.

On 31st August 1990 the Company submitted to H.M. Customs & Excise a letter of application for registration for VAT purposes as an intending trader with effect from 31st August 1990. MRI intends to elect prior to completion of the Lease Agreement for the VAT exempt treatment in respect of the Lease to be waived. In that event, VAT will be payable on the full amount of the Lease premium (£10.8m). However, the Company will be able to recover the VAT paid (£1.62m at the current VAT rate of 15%) in due course.

Shareholders

The disposal of a share by an investor resident or ordinarily resident in the UK may give rise to a tax liability on any chargeable gain arising. Such a gain would be calculated by reference to the difference between the acquisition cost of the share and the disposal proceeds, subject to any indexation allowance which may be available.

The disposal of a share by a shareholder who is not resident or ordinarily resident in the UK will be outside the scope of the charge to UK tax on chargeable gains unless the share is used in or for the purposes of a trade carried on in the UK through a branch or agency, or is used or held for the purposes of the branch or agency.

Stamp Duty will be payable on the transfer of an Ordinary Share pursuant to the Offer, normally at the rate of 50p per £100 or part thereof of the consideration, and will in respect of Ordinary Shares taken up under the Offer amount to £125 per Ordinary Share, which will be payable by applicants in addition to the offer price of £25,000.

Club Members

The nomination of an employee as a member by an employer may constitute the provision of a benefit which would be subject to tax as income of the employee. *The amount assessable* would be the cost to the employer of providing the benefit.

Any prospective shareholder or Club member in doubt as to his tax position should consult his professional advisers.

5. **Articles of Association**

The Articles contain provisions, inter alia, to the following effect:

Voting Rights of Shareholders

(i) Subject to the provisions as to voting set out in the Articles of Association, at any general meeting every shareholder shall have one vote for every share of which he is the holder.

(ii) Any person or group of connected persons (as defined in the Articles) holding more than ten shares shall, if the Directors in their sole discretion so determine, be prohibited from voting (either personally or by proxy) at any general meeting in respect of all of the shares held by him or them.

Transfer of Shares

(i) All transfers of shares may be effected by transfer in writing in any usual or common form or in any other form acceptable to the Directors and may be under hand only.

(ii) The Board may in its absolute discretion and without assigning any reason therefor refuse to register any transfer of shares (not being fully paid shares) at any time or any transfer of shares (whether or not fully paid) prior to the *earlier* of:

(a) the date on which the 600 Ordinary Shares owned by London Securities immediately following completion of the Subscription Agreement shall have been disposed of by London Securities (or such lesser number as it shall determine); and

(b) 31st December 1993.

(iii) The Board may refuse to register a transfer of shares (whether fully paid or not) in favour of more than two persons jointly.

(iv) No fee will be charged by the Company in respect of the registration of any instrument of transfer or probate or letters of administration or certificate of marriage or death or stop notice or power of attorney or other document relating to or affecting the title to any shares or otherwise for making any entry in the Register of Members affecting the title to any shares.

Directors

(i) A Director or intending Director is not prevented by his office from contracting with the Company, nor is any contract or arrangement entered into by or on behalf of the Company in which any Director or intending Director is interested liable to be avoided, nor is any Director so contracting or being so interested liable to account to the Company for any profit realised thereby. The nature of his interest must, however, be declared by the Director at a meeting of the Board in accordance with Section 317 of the Companies Act 1985.

(ii) Save as provided in the Articles a Director may not vote in respect of any contract or arrangement or any other proposal in which he has any material interest otherwise than by virtue of his interests in shares or debentures or other securities or rights or otherwise in or through the Company. A Director is not to be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.

(iii) Each non-executive Director is required with effect from the Opening Date to hold not less than one Ordinary Share and if at any time he is in breach of this requirement he shall be disqualified from office.

(iv) At the second and each subsequent Annual General Meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not greater than one-third) shall retire from office by rotation. Subject to the provisions of the Statutes (as defined in the Articles), the Directors to retire by rotation shall be those who have been longest in office since their last appointment or re-appointment but, as between persons who became or were last re-appointed Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

(v) Unless otherwise determined by the Company each Director may be paid such fees for his services in the office of Director as the Directors may determine, provided that the amount of such remuneration payable to the Chairman shall not exceed £10,000 per annum and each of the other directors £5,000 per annum provided that such limits shall be increased each year to reflect any increase to the 'all items' index figure of the United Kingdom Index of Retail Prices (or any replacement index). The aforesaid limits may be altered by the Company from time to time by Ordinary Resolution. The Directors shall also be entitled to be repaid by the Company all such reasonable travelling, hotel and other expenses as they may incur in attending meetings of the Board or of the Committee. Any Director who holds any executive office or who otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director may be paid such additional remuneration as *the Directors may determine.* The Directors may give or award pensions, annuities, gratuities and superannuation or other allowances or benefits to or for the benefit of past or present employees (including Directors) of the Company or any of its subsidiaries or to or for the benefit of any person who was related to or a dependant of any such person.

(vi) The business and affairs of the Club shall be managed by the Board save that the Board shall from time to time be entitled to delegate to the Committee such powers and authority in relation to the management of the affairs of the Club as it deems appropriate.

(vii) Each Director shall for so long as he remains in office and without being entitled to any additional remuneration therefor be required to serve as a member of the Committee and to attend meetings thereof unless prevented from so doing by incapacity or some other good reason.

(viii) Subject to the provisions of and so far as may be permitted by law, every Director, Auditor, Secretary or other officer of the Company shall be entitled to be indemnified by the Company and (subject as aforesaid) the Company shall be entitled to purchase and to maintain for any such officer or auditor insurance against such liability.

(ix) There is no age limit on Directors.

Borrowing Powers

Subject as below the Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital and to issue debentures and other securities, whether outright or as collateral security, for any debt, liability or obligation of the Company or of any third party.

Disposal of the Club

The Company may not dispose of, grant, or create any interest in the Club or in any land or buildings forming a part thereof without the prior sanction of a Special Resolution passed at a meeting of the holders of Ordinary Shares duly convened and held in accordance with the provisions of the Articles.

Share Capital

The authorised share capital of the Company may only be increased with the sanction of a Special Resolution.

The Nomination Right

(i) Each holder of an Ordinary Share (whether or not the same is fully paid) shall in respect of each Ordinary Share held by him and subject to the Club Rules and to the Articles be entitled to nominate and withdraw the nomination of any person to be a member of the Club ("the Nomination Right").

(ii) Acceptance of the nominated person as a member shall be subject to approval by the Committee of the Club and shall be conditional upon the nominated person paying a joining fee to the Company of an amount equal to the annual fee for Club membership at the time the nomination is made. Should the Committee, in its absolute discretion not approve the nomination the holder of the Ordinary Share in respect of which such nomination was made shall be informed and, subject to the Club Rules may make a further nomination or nominations until a nomination is made that is approved.

(iii) The Nomination Right is personal to the holder of the Ordinary Share and shall not be assigned sold or dealt in separately from the Ordinary Share in question save that this restriction shall not apply to any person to whom an Ordinary Share is allotted (as opposed to being purchased).

(iv) Members shall be responsible for the payment of the annual fees to the Company in accordance with the Club Rules. Unless otherwise agreed by the Board, in the event that the annual fees payable to the Company for any membership year by a member are not paid when they are due:

(a) the Nomination Right shall be suspended until the end of the membership year in respect of which such annual fees are payable; and

(b) the nominated member shall remain liable for outstanding annual fees.

6. Service Agreements

(a) A service agreement is intended to be entered into between the Company (1) and Robert Andrew Newman (2) to take effect from 1st January 1991 for an initial term of three years and continuing thereafter until terminated by notice of not less than twelve months. The annual salary (including Director's fees) will be £19,500 from 1st January 1991 to the Opening Date and £25,000 thereafter, subject to annual review.

(b) Save as disclosed above there is no service agreement in force between the Company and any Director, nor is any proposed.

7. Material Contracts

The following contracts have been entered into by the Company since its incorporation and are or may be material;

(a) a conditional agreement dated 6th September 1990 between the Company (1) MRI (2) and London Securities (as guarantor of MRI's obligations) (3) whereby MRI and the Company have agreed to enter into the Lease (more particularly described in paragraph 8 below) on the fourth business day following the Closing Date. The agreement is conditional upon the Offer becoming unconditional in all respects.

MRI has agreed following the grant of the Lease to procure (at the expense of the Company) that the clubhouse be fitted out in accordance with agreed specifications by not later than 28th February 1992. MRI has undertaken to procure (at its own expense) that the remaining work required to complete the Course be carried out prior to 31st January 1991 and that the refurbishment of the clubhouse be completed by 28th February 1991.

The premium payable by the Company on completion of the Lease Agreement is £10.8 million (plus VAT) which shall be paid in cash as to not less than £4.5 million upon completion. In respect of the balance of the consideration the Company shall on completion execute in favour of MRI a non-interest bearing loan note ("the Loan Note") supported by a guarantee to be given by the Company in favour of Barclays Bank PLC ("the Bank") in respect of London Securities' borrowings, the guarantee to be secured by a first charge over the Company's interest in the Lease. London Securities has undertaken to procure the release of the said guarantee and charge upon the Loan Note being discharged in full. The Loan Note is repayable as to £1.62 million upon that amount being received by the Company in respect of VAT output tax recovered by it from H.M. Customs & Excise, and as to the balance out of monies received by the Company (other than for working capital purposes) pursuant to the Subscription Agreement to the extent that such monies have not been paid to MRI by way of cash consideration on the grant of the Lease. A charge over the Lease Agreement in favour of the bank was entered into on 6th September 1990 pending completion of the Lease;

(b) a subscription agreement dated 6th September 1990 between the Company (1) London Securities (2) and MRI (3) whereby London Securities has conditionally agreed to subscribe for 597 Ordinary Shares at par and the Company has conditionally agreed to allot such shares pursuant to the said subscription. The agreement is conditional upon the Offer becoming unconditional in all respects and shall be completed on the fourth business day following the Closing Date whereupon London Securities shall subscribe for 597 Ordinary Shares of which not less than 100 shall be paid up in full upon subscription and those shares not paid up in full shall be paid up as to £5,000 per share. London Securities has undertaken to the Company to apply the net proceeds (after expenses) of any Ordinary Shares disposed of by London Securities pursuant to the Offer or otherwise in paying up the amounts due on the Ordinary Shares subscribed for, and in consideration therefor the Company has agreed not to call any amounts left outstanding on such shares otherwise than for the purpose of providing the Company with working capital;

(c) a management agreement dated 6th September 1990 between the Company (1) MRI (2) and London Securities (as guarantor of MRI's obligations) (3) whereby MRI has agreed to be responsible for the management of the affairs of the Company and the Club for the period from completion of the Lease Agreement to the Opening Date. Under this agreement MRI will, inter alia, employ all staff (other than those to be employed by the Company) necessary for the maintenance of the Club during the relevant period and be responsible for fitting out the clubhouse. The consideration payable by the Company is up to £780,000 (plus VAT) but MRI has agreed to waive all entitlement to such consideration to the extent that the Company is unable to pay the same prior to the Opening Date out of its own resources. This agreement is conditional upon the Offer becoming unconditional in all respects;

(d) a sponsorship agreement dated 6th September 1990 between the Company (1) London Securities (2) Smith New Court (3) and the Directors (4) whereby Smith New Court have agreed to act as sponsors to the Offer on behalf of London Securities and, in that connection, to use their reasonable endeavours to procure applicants for the Ordinary Shares upon the terms and conditions of this document. The Company and London Securities have given certain warranties and indemnities to Smith New Court in relation, inter alia, to the information contained in this document. In consideration of the services of Smith New Court as sponsors in connection with the Offer, London Securities has agreed to pay Smith New Court a fee of up to £100,000.

8. The Lease

A lease over the Property to be made between MRI and the Company for a term of 999 years commencing on the quarter day immediately preceeding the date of the grant of the Lease, (being 24th June, 29th September or 25th December 1990) for a premium of £10 · 8 million at a fixed annual rent of £10. All sums payable under the Lease (including the premium) will have VAT added. There are provisions in the Lease allowing the Company and anyone it permits, to use the roadways of the Coach Road and the roadway leading from Sandy Lane to gain access to the clubhouse, subject to the Company making a contribution to the maintenance and upkeep thereof. Service easements are also to be granted to the Company insofar as is necessary. MRI has reserved to itself the right to develop all or any part of the land adjacent to the Property which it owns or may acquire, and it and its successors in title will have rights of way over the roads crossing the Course subject to a contribution to the maintenance and repair thereof. MRI will be taking a lease back of part of an agricultural building (surplus to the Club's requirements) for 999 years at a fixed annual rent of £2,000 on a full repairing basis, determinable at the option of MRI.

9. Club Rules

In addition to setting out the provisions relating to members and members' guests summarised under the heading 'Membership' in Part I of this document, the Club Rules, which were adopted by the Committee on 6th September 1990 and are among the documents on display as referred to in paragraph 13 below, also contain, inter alia, the following provisions:-

(a) members who fail to pay their annual fees when due may be suspended for the remainder of the relevant membership year;

(b) members who otherwise fail to observe the Club Rules may be suspended, or in exceptional circumstances, their membership may be terminated (in which event the relative shareholder may nominate another member);

(c) an Annual Meeting of the members will be held following the Annual General Meeting of the Company in each year, at which the Captain, Vice-Captain and Treasurer will be elected to the Committee by the members;

(d) the Committee and Club Secretary are empowered to close the Club when necessary;

(e) the Committee is empowered to lay down bye-laws relating to, inter alia, standards of dress and etiquette.

Copies of the Club Rules are among the documents available for inspection as referred to in paragraph 13 below and may be obtained from the Club on request.

10. Miscellaneous

(a) The Company is not, nor since its incorporation has it been, engaged in any litigation or arbitration and no pending or threatened litigation or arbitration proceedings or other claim is known to the Directors.

(b) Save as disclosed in this document: (a) no capital of the Company has been issued, or is proposed to be issued, fully or partly paid either for cash or for a consideration other than cash; (b) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of the Company; and (c) no Director has or has had any direct or indirect interest in any assets acquired, disposed of or leased to or by, or proposed to be acquired disposed of or leased to or by, the Company.

(c) Save as disclosed herein no Director is materially interested in any contract or arrangement subsisting at the date hereof which is significant in relation to the business of the Company taken as a whole.

(d) The amount payable by the Company in consideration for the grant of the Lease is £10.8 million. The holding company of MRI, the lessor of the Lease, is London Securities, the promoter of the Company. MRI acquired the bulk of Mill Ride Estate in 1986 and has since then been purchasing adjoining land which is now comprised within Mill Ride Estate. In April of this year MRI acquired land on the Locks Ride side of the Property being part of Chavey Orchard and the Spinney, which is now incorporated into the Course. Subsequent to the grant of the Lease MRI will retain certain land adjoining the Course. In addition to the profit to be made by MRI on the grant of the Lease to the Company, MRI may realise a profit on the Management Agreement, and London Securities will realise a profit of £5,000 (less expenses) on the sale of each Ordinary Share pursuant to the Offer. Messrs David B. Pearl, R.O. Prickett and C.R. Freemantle, Directors of the Company, are also directors of and shareholders in London Securities.

(e) Save as disclosed herein no Director has been interested in any transaction which is or was unusual in its nature or condition or significant to the business of the Company and which has been effected by the Company at any time since its incorporation and which remains in any respect outstanding or unperformed.

(f) The financial information contained in this document does not constitute individual accounts within the meaning of Section 240 (5) of the Companies Act 1985.

(g) Smith New Court is a member of The Securities Association and The International Stock Exchange.

(h) The Company has received a certificate of title relating to the Property in a form satisfactory to the Directors.

(i) Planning permission for the Course and clubhouse has been received by way of formal consents granted by Bracknell Forest Borough Council on 30th September 1988, 12th April 1990 and 18th June 1990.

(j) The expenses of the Offer, which are estimated to be not more than £500,000 (plus VAT where applicable), will be paid by London Securities.

11. Consents

(a) Messrs Cape & Dalgleish, Chartered Accountants, have given and have not withdrawn their written consent to the issue of this document with a copy of their report as set out in Part II of this document and the references to them included in the form and context in which they are included.

(b) Each of Messrs D. Steel and J. Arthur has given and has not withdrawn his written consent to the issue of this document with the extract from his report as included in Part I of this document and the reference to him included in the form and context in which they are included.

12. Documents delivered to the Registrar of Companies

The documents attached to the copies of this document delivered to the Registrar of Companies for registration were copies of the material contracts mentioned in paragraph 7 above and the written consents mentioned in paragraph 11 above.

13. Documents for Inspection

Copies of the following documents will be available for inspection at the offices of Blyth Dutton, 8 & 9 Lincoln's Inn Fields, London WC2A 3DW during normal business hours for such period as the Offer remains open:

(a) the Memorandum and Articles of Association of the Company;

(b) the above-mentioned Accountants' Report;

(c) the proposed service agreement between Mr. R.A. Newman and the Company referred to in paragraph 6(a) above;

(d) the material contracts referred to in paragraph 7 above;

(e) the Club Rules referred to in paragraph 9 above;

(f) the certificate of title referred to in paragraph 10(h) above;

(g) planning consents relating to the Property referred to in paragraph 10(i) above;

(h) the consents referred to in paragraph 11 above.

7th September 1990

Appendix A

Mill Ride Golf Club Plc

APPLICATION PROCEDURE

1. Applications for Ordinary Shares must be made on the terms and conditions stated below by completing and signing the accompanying Application Form, which must be returned to The Royal Bank of Scotland plc, Registrars Department, PO Box 435, Owen House, 8 Bankhead Crossway North, Edinburgh EH11 4BR ("the Registrars"), to be received as soon as possible and in any event not later than the Closing Date. Each application must be accompanied by a separate cheque or banker's draft for the full amount payable on application (including stamp duty) drawn in sterling on a recognised bank made payable to "The Royal Bank of Scotland plc" and crossed "London Securities Plc – Not Negotiable".

2. The Offer will open at 10.00 am on 12th September 1990 and will close at 3.00 pm on 31st December 1990 or on such earlier date as may be determined by London Securities.

3. A definitive certificate for each Ordinary Share sold will be sent at the risk of the person entitled thereto within 14 days after the Offer has closed. In the meantime, receipts for application monies will be issued.

4. All cheques will be presented for payment upon receipt by the Registrars and (where appropriate) the issue of definitive certificates and the return of surplus application monies will be withheld pending clearance of applicants' cheques.

5. Acceptance of applications for the Ordinary Shares will be conditional on a minimum of 100 valid applications being received by not later than the Closing Date. Application monies, including the amounts paid in respect of stamp duty, will be returned forthwith (together with interest accrued thereon) if this condition is not satisfied and at the risk of the applicant.

6. By completing and delivering an Application Form, each applicant:

(i) offers to purchase the number of Ordinary Shares applied for in the Application Form on the terms and subject to the conditions set out in this Prospectus, including these terms and conditions and the notes set out in the Application Form, and subject to the Memorandum and Articles of Association of the Company;

(ii) agrees that the application may not be revoked after acceptance or before 31st December 1990 and that this paragraph shall constitute a collateral contract between each applicant and London Securities which will become binding on despatch by post to or, in the case of delivery by hand, on receipt by the Registrars of the Application Form;

(iii) warrants that the remittance accompanying the Application Form will be honoured on first presentation;

(iv) agrees that, in respect of an Ordinary Share for which his application has been received and is not rejected, acceptance of the application shall be constituted by notification of acceptance thereof by or on behalf of London Securities;

(v) agrees that any definitive certificate(s) for Ordinary Share(s) and any money returnable to an applicant may be retained by the Registrars pending clearance of the remittance;

(vi) authorises the Registrars to send on behalf of London Securities and at the risk of the applicant definitive certificates for the Ordinary Share(s) for which his application is accepted and/or a crossed cheque for any money returnable by post to the address specified in the Application Form and to procure that his name is placed on the register of shareholders in respect of such Ordinary Share(s);

(vii) agrees that time of payment shall be the essence of the contract constituted by acceptance of his application (save that no Ordinary Share shall be sold pursuant to the Offer until the fourth business day following the Closing Date);

(viii) warrants that, if he signs the Application Form on behalf of somebody else or on behalf of a corporation, he has due authority to do so;

(ix) agrees that a breach of any of the warranties set out in paragraphs (iii) or (viii) will constitute a breach of a fundamental term and repudiation of the contract constituted by acceptance of his application and that London Securities will be entitled (but not bound) to treat themselves as discharged from their obligations under the contract;

(x) agrees that all applications, acceptances of applications and contracts resulting therefrom under the Offer shall be governed by and construed in accordance with English law;

(xi) agrees that, having had the opportunity to read the Prospectus, he shall be deemed to have notice of all information and representations in relation to the Company, the Club and London Securities contained therein;

(xii) agrees that, if valid applications for at least 100 Ordinary Shares have not been received by the Closing Date the Offer shall be cancelled.

7. The basis of allocation will be determined by London Securities in its sole discretion. In particular, in the event that valid applications are received for more than 500 Ordinary Shares London Securities will have the right in its sole discretion to refuse and/or scale down applications. Application monies, including the amounts paid in respect of stamp duty, in respect of any application which is not accepted will be returned forthwith (together with interest accrued thereon) upon the closing of the Offer at the risk of the applicant.

8. No person receiving a copy of the Prospectus in any territory other than the UK may treat the same as constituting an invitation or offer to him, nor should he in any event use the Application Form unless, in the relevant territory, such an invitation or offer could lawfully be made to him or such Application Form could lawfully be used without contravention of any registration or other requirement. It is the responsibility of any person outside the UK wishing to make an application hereunder to satisfy himself as to full observance of the laws of any relevant territory in connection therewith, including obtaining any requisite governmental or other consents, observing any other requisite formalities, and paying any issue, transfer or other taxes due in such territory.

9. The Ordinary Shares have not been, and will not be, registered under the United States Securities Act of 1933 (as amended) ("the Securities Act"), and have not been registered under the Securities and Exchange Law of Japan and the relevant exemptions are not being obtained from the Securities Commission of any province of Canada. Accordingly, such Ordinary Shares may not be offered, sold, renounced or transferred, directly or indirectly, in the US or Japan or Canada or to, or for the benefit of, any person with an address in the US or Japan or Canada or to any person purchasing such Ordinary Shares for re-offer, sale, renunciation or transfer in the US or Japan or Canada or to, or for the benefit of, any US person or any citizen or resident of Japan or Canada or a corporation or partnership or other entity created or organised in or under the laws of Japan or Canada.

As used herein, "Canada" includes its provinces and territories and "US Person" means a person defined as such in Regulation S of the Securities Act.

10. All documents and cheques sent by post by or on behalf of Smith New Court, London Securities or the Registrars will be sent at the risk of the person entitled thereto.

11. Applications will not be accepted from more than two joint applicants.

12. Photostat copies of Application Forms will not be accepted.

13. Copies of the Prospectus may be obtained from the registered office of the Company and from Smith New Court, London Securities and the Registrars.

Appendix B

Mill Ride Golf Club Plc

APPLICATION FORM

THE APPLICATION LIST FOR THE 500 ORDINARY SHARES NOW OFFERED WILL OPEN AT 10.00AM ON 12TH SEPTEMBER 1990 AND WILL CLOSE AT 3.00PM ON 31ST DECEMBER 1990 OR ON SUCH EARLIER DATE AS LONDON SECURITIES MAY DETERMINE.

This Form, duly completed, together with a cheque or banker's draft (drawn in sterling on a recognised bank made payable to "The Royal Bank of Scotland plc" and crossed "London Securities Plc – Not Negotiable") representing payment in full for the Ordinary Share(s) applied for at the application price (including stamp duty), should be lodged with The Royal Bank of Scotland plc, Registrars Department, PO Box 435, Owen House, 8 Bankhead Crossway North, Edinburgh EH11 4BR as soon as possible and in any event not later than 3.00 pm on the Closing Date. No application can be considered unless these conditions are fulfilled. All cheques will be presented for payment.

Expressions used in this form shall (unless the context otherwise requires) bear the meanings given thereto in the Prospectus dated 7th September 1990.

Prospective investors should make their own independent assessment of the merits or otherwise of the acquisition, holding or disposal of Ordinary Shares and should not construe the contents hereof or of the Prospectus as advice relating to legal, taxation or investment matters. Prospective investors are advised to consult their own professional advisers concerning any such acquisition, holding or disposal of Ordinary Shares. In particular, they should inform themselves as to:

(i) the applicable laws relating to securities and other regulations within the countries of their nationality, residence, ordinary residence or domicile relating to the acquisition, holding or disposal of Ordinary Shares;

(ii) any foreign exchange or exchange control restrictions to which they might be subject on the acquisition, holding or disposal of Ordinary Shares; and

(iii) any tax or other fiscal consequences of the acquisition, holding or disposal of Ordinary Shares.

Prospective investors are reminded that an investment in unquoted securities carries risks as well as the opportunity of rewards. The Ordinary Shares are not intended to be listed or dealt in on a recognised investment exchange. As a result they may be difficult to sell and it may be difficult to assess a proper market price for them at any time. In addition Ordinary Shares will not be transferable without the consent of the Directors until all 600 Ordinary Shares or such lesser number as London Securities shall determine have been disposed of by London Securities (save that this restriction shall not in any event apply after 31st December 1993).

MILL RIDE GOLF CLUB PLC
(Incorporated in England under the Companies Act 1985 No. 2515069)

Offer by Smith New Court Corporate Finance Limited on behalf of London Securities of up to 500 Ordinary Shares at £25,000 per share payable in full on application (together with £125 in respect of stamp duty).

Number of Ordinary Shares applied for	Amount enclosed at £25,125 per Ordinary Share (including £125 for stamp duty)
________	£ ________

To: London Securities Plc
Smith New Court Corporate Finance Limited

Gentlemen,

I/We enclose a cheque or banker's draft for the above-mentioned sum, being the amount payable in full on application (including stamp duty) for the number of fully paid Ordinary Share(s) in Mill Ride Golf Club Plc ("the Company") specified above.

I/We offer to purchase the above Ordinary Share(s) on the terms of the Prospectus issued by the Company and dated 7th September 1990 and subject to the Memorandum and Articles of Association of the Company. I/We hereby authorise you to procure my/our name(s) to be placed on the Register of Shareholders of the Company as holder of the above Ordinary Share(s), and to send the certificate(s) therefor, and/or a cheque for any monies returnable, by post at my risk to the address given below, or to the bank, stockbroker or other agent named below.

In consideration of London Securities agreeing to consider applications on the terms and subject to the conditions of the Offer for an aggregate number of up to 500 Ordinary Shares of the Company, I/we agree that this application shall be irrevocable before 31st December 1990 or after acceptance, and that this application shall constitute a contract between London Securities and myself/ourselves which shall become binding on despatch by mail or delivery of this Application Form to the Registrars duly completed.

I/We understand that due completion and delivery of this Application Form accompanied by a cheque or banker's draft will constitute an undertaking that the cheque or banker's draft will be honoured on first presentation.

I/We understand that acceptance of my/our application will not amount to an assurance that I/either of us will be approved as a member of Mill Ride Golf Club.

I/We understand that if a minimum of 100 valid applications have not been received by 3.00pm on 31st December 1990 then my/our application monies will be returned to me/us (together with interest accrued thereon) by post at my/our risk. I/We understand that if valid applications are received for more than 500 Ordinary Shares, London Securities will have the right to refuse and/or scale down applications in its sole discretion and that if and to the extent that this application is not accepted my/our application monies will be returned to me/us (together with interest accrued thereon) by post at my/our risk.

I/We acknowledge that I am/we are not expecting Smith New Court to have, in respect of this contract, any duties or responsibilities to me/us which are similar or comparable to those imposed by Rules 450, 460 or 730 of the Rules of The Securities Association.

I/We hereby declare that I am/we are not a US Person (as defined in Regulation S of the United States Securities Act of 1933) or a resident of the Netherlands, the Grand-Duchy of Luxembourg, Japan or Canada or a corporation a partnership or other entity created or organised in or under the laws of the Netherlands, the Grand-Duchy of Luxembourg, Japan or Canada and that I am/we are applying for the above Ordinary Share(s) on my/our own behalf and not with a view to making any distribution of securities or investment offer within any part of or to persons giving addresses in the US, its territories or possessions, or the Netherlands, or the Grand-Duchy of Luxembourg or Canada, its provinces or territories or Japan, within the meaning of relevant securities laws.

Note: If this declaration cannot be made this application will not be considered.

Dated ____________, 1990

SIGNED and DELIVERED as a deed in the presence of the witness indicated below	SIGNED and DELIVERED as a deed in the presence of the witness indicated below
____________	____________
Forename(s): ____________	Forename(s): ____________
Surname: ____________ (State Mr, Mrs, Miss or Title)	Surname: ____________ (State Mr, Mrs, Miss or Title)
Address: ____________	Address: ____________
Postcode ____________	Postcode ____________
Witness: Name: ____________	Witness: Name: ____________
Address: ____________	Address: ____________
Occupation: ____________	Occupation: ____________

Name and address of person to whom certificates, and or cheques for surplus application monies should be sent (if different from the above) ____________

____________ FT

A Corporation should complete under its seal, which should be affixed and witnessed in accordance with its Articles of Association or other regulations.

A receipt will be issued for the application monies through the post in due course, at the risk of the applicant.

LONDON STOCK EXCHANGE

Equities recover from early setback

A FLURRY of technical buying ahead of the end of the trading account, together with a good start by Wall Street, enabled London's equity market to end the week on a steady, albeit subdued, note yesterday. In early deals, the market fell 15 FT-SE points after Mr John Major, the UK Chancellor of the Exchequer, had dismissed currency market hints that British entry into the European Monetary System was planned this weekend and admitted that domestic inflation would probably move above 10 per cent. However, equities rallied in the second half of the session to close with minor gains on the day. Trading volume remained poor, however, and nervousness on the corporate front intensified, with concern turning to the dividend outlook as Saatchi & Saatchi, the global advertising group, omitted one class of preference dividend payment.

Account Dealing Dates		
*First Dealings:		
Aug 20	Sep 10	Sep 24
Option Declarations:		
Sep 6	Sep 20	Oct 4
Last Dealings:		
Sep 7	Sep 21	Oct 5
Account Day:		
Sep 17	Oct 1	Oct 15

*New-time dealings may take place from 8.30 am two business days earlier.

The FT-SE Index closed at 2,122.9, with a gain of two points which indicated a significant turnround from the earlier fall to within six points of FT-SE 2,100. The recovery only set in when Wall Street, after some initial hesitation, turned upwards, inspiring gains in London's international blue chips. Traders sounded unconvinced by the late rally, which also reflected activity between market making firms unwilling to leave share positions open in a market beset with uncertainties in the Gulf.

The equity market has fallen by 39.9 FT-SE points over the week and by 54 points, or 2.5 per cent, over the extended three week trading account. Nervousness over developments in the Middle East, displayed clearly in the rise in global oil prices, has increased fears of recessionary pressures, which have been underscored in turn by concern over the trend in UK corporate profits and dividends.

Trading volumes, which have been very low all week, remained thin yesterday, with 336.4m shares traded through the Seaq system compared with 521.2m in the previous session. International Stock Exchange statistics show that retail interest in equities has averaged around £500m daily this week, barely half the level regarded by traders as that of a healthy and profitable market.

Mr Major's firm rejection of suggestions that full entry into the European Monetary System was planned for this weekend came at 8.00am, and shares quickly extended opening losses.

His warning on inflation was reflected in falls in long-dated Government bonds finally ranging to nearly ½ a point; however, index-linked bonds also eased, giving up about ¼ of a point, although these stocks were not particularly active.

The investment mood remained highly cautious, with building, construction and property shares still badly unsettled.

FINANCIAL TIMES STOCK INDICES

	Sept 7	Sept 6	Sept 5	Sept 4	Sept 3	Year Ago	1990 High	1990 Low	Since Compilation High	Since Compilation Low
Government Secs	78.07	78.61	78.57	78.40	78.49	88.08	84.20 (2/1)	74.13 (30/4)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	86.30	86.53	86.42	86.23	86.39	96.91	92.91 (8/1)	83.80 (30/4)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share	1638.5	1639.9	1672.2	1670.9	1667.4	2003.7	1988.3 (3/1)	1604.2 (23/8)	2008.6 (5/9/89)	49.4 (26/6/40)
Gold Mines	194.6	193.6	192.3	196.3	196.2	204.9	378.5 (6/2)	167.9 (15/6)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2122.9	2120.9	2152.2	2148.0	2166.6	2423.9	2463.7 (3/1)	2075.0 (23/8)	2463.7 (3/1/90)	986.9 (23/7/84)
Ord. Div. Yield	5.78	5.78	5.68	5.67	5.61	3.96				
Earning Yld %(full)	12.30	12.31	12.09	12.08	11.96	9.48				
P/E Ratio(Net)(☆)	9.87	9.86	10.03	10.05	10.15	12.73				
SEAQ Bargns 4.45pm	20,279	17,917	17,014	18,208	16,327	29,991				
Equity Turnover(£m)†	-	795.85	577.28	510.22	433.55	1269.00				
Equity Bargains†	-	17,784	16,325	16,639	15,458	31,084				
Shares Traded (ml)†	-	479.4	303.7	257.7	197.8	515.1				

Basis 100 Govt Secs 15/10/26, Fixed Int. 1928. Ordinary 1/7/35. Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83. ☆ Nil 9.71

Ordinary Share Index, Hourly changes — Day's High 1641.9 — Day's Low 1625.7

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1634.2	1630.2	1639.0	1636.9	1632.3	1627.9	1626.5	1628.8	1637.3

FT-SE, Hourly changes — Day's High 2123.0 — Day's Low 2105.5

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2115.1	2108.8	2117.7	2116.2	2112.7	2108.9	2107.7	2110.3	2121.3

GILT EDGED ACTIVITY

Indices*	Sept 6	Sept 5
Gilt Edged Bargains	81.3	86.1
5 – Day average	78.0	75.7

*SE Activity 1974.
†Excluding intra-market business & Overseas turnover.

London report and latest Share index: Tel. 0898 123001.

Flurry on Boots' forecasts

Uncertainty over brokers' forecasts for profits at **Boots**, the High Street retailer, caught the market wrong-footed yesterday. Suggestions that the company had encouraged analysts to revise downwards their forecast for the first half of the year were not believed everywhere.

"This was a bear raid organised by one securities house," one trader said firmly. Boots fell 12 at one point before rallying to close 5 off at 279p.

The company acknowledged speaking to one particular analyst but said that "this was a regular occurrence and had been blown out of proportion by the market." Mr Nick Bubb at Morgan Stanley, one of the stock's strongest bulls, cut his six-month estimate from a top-of-the-range £155m to £145m. This compares with last year's £150m, and now includes the cost of acquiring Ward White, the DIY and car spares retailer, for £900m last summer.

Other market analysts suggested the Morgan Stanley's cut in forecast had hit the market at a sensitive time. Traders were nervous ahead of the weekend and the stores sector had already been hurt by the widely-held view that August had been a bad month for retailers.

Turnover was an active 4.7m shares and Boots made a rare appearance in the active list in the traded options market. One options trader received an order for 300 puts "as the share price was falling."

Saatchi upset

Saatchi and Saatchi's decision to pass the dividend on one class of its preference shares earned a mixed reaction from the market.

The shares fell 12 to 51p, but analysts argued the company was getting its priorities right. Mr David Forster at Kleinwort Benson said: "The people Saatchi has got to impress over the next two years are the bankers, not the shareholders." Mr Mark Shepperd at UBS Phillips & Drew said: "The good news is that they are saving themselves £6m a year."

Analysts fought shy of recommending purchase of the stock, however. "It's becoming option money," said one. "To buy the shares, you are betting on the company surviving." They pointed out that the other, larger, preference share was trading at a yield to put of 40 per cent before yesterday's announcement.

The pessimism shrouding property and construction-related groups deepened. Four of the five property Alpha issues were heavily affected, and two recorded double-figure losses.

Hammerson came unstuck after Carr Kitcat & Aitken said the company's recurring cash-flow to dividend ratio was poor and likely to result in below average dividend growth over 1991/92. "Notwithstanding the good quality international portfolio we expect the share price to underperform over the next two years," added the broking house. Hammerson "A" shares fell 21 to 561p.

MEPC, rated a long-term buy only a few days ago by an investment bank which warned of possible poor results, due end-November, also came under pressure. Marketmakers said the fall in shares, down 9 at 450p, was accelerated by traders avoiding taking stock on their books. "Who wants to be long of stock in depressed sectors such as property and construction," said one.

Land Securities and Slough Estates were the other two main losers. Still rated the number one property issue by many analysts, Land Securities dipped to 475p before closing only 4 easier at 480p while Slough lost 7 to 224p.

Similar treatment was handed out to **P & O** and **Trafalgar House**, both of which have extensive property and construction interests. The former has been savaged since Wednesday, when Kleinwort Benson urged caution ahead of next Tuesday's interim results. Lower profits are expected with the accent falling on the group's housebuilding activities and Kleinwort believes many forecasts for next year are over optimistic. P & O shares dropped 21 further for a two-day fall of 44 to 491p – the lowest this year.

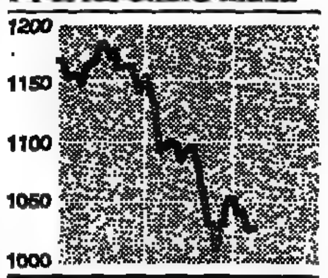
The pain for Trafalgar House continued as dividend doubts were added to the recent series of profits downgradings. One analyst feared that provisions of £80m to £90m, split between commercial and residential property, could reduce profits to £150m, compared with £270m last year, and conditions could worsen. Trafalgar usually reports annual results in December. At the close the shares were down 9 at 219p.

Speyhawk announced good tidings for a change yesterday afternoon following the recent trauma of Nordstjernan, the Swedish construction and property group, ending bid discussions. The entire first phase of Speyhawk's Thames Valley Park development has been sold to British Gas for an undisclosed sum. The shares, as high as 358p this year, responded by regaining an early loss of 5 to close 9 up on the day at 118p.

The recent upsurge in crude oil prices was not fully reflected in share prices of oil and gas stocks, which although outperforming the wider market, have been far outstripped by the commodity's performance in international markets.

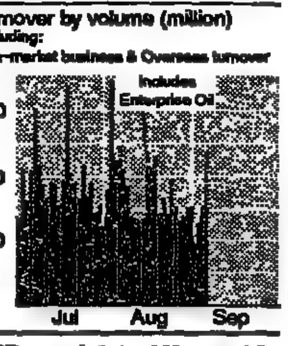
Dealers noted a steady trickle of business in the oil majors but continued to take the view that in terms of performance and turnover, the sector still had a lot of upside. Yesterday's strongest showing came from Shell, shares of which moved up 3 to 494p on turnover of 4.2m. Ultramar, too, attracted solid support to end the day slightly better on balance at 377p; turnover in Ultramar reached 2.9m, well ahead of usual levels for the second consecutive session. Specialists said the two stocks were being supported on the same stories – that liquefied natural gas markets will remain strong. Also, there has been general recognition that refining margins have picked up since the outbreak of the Gulf crisis, against previous experience that they would come under downward pressure this year.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding:
Intra-market business & Overseas turnover



BP eased 2 to 369p on 4.5m while British Gas were marginally off at 223¼p on a paltry 2.8m. Enterprise Oil added 5 at 685p following a reappraisal of the interim results. Lasmo fell 2 to 488p, with the private placing in the US of $113m worth of bonds to US institutions described by one oil analyst as "another display of opportunistic fund raising."

Banks proved a resilient market with Abbey National and TSB particularly well supported; "There may be perceptions that these are boring stocks but they certainly come into their own when the rest of the market is sliding," said one dealer. Abbey, helped by the recent positive note on the stock issued by Daiwa's Mike Fesemeyer, put on 2 to 211p on 1.6m. TSB added a similar amount to 132p on 2.1m. Provident Financial, boosted by the recent goods results, jumped 15 to 385p.

General Accident featured strongly in an otherwise still depressed composite insurance area; sizeable switching out of other composites, notably Commercial Union (CU), saw General Accident move up strongly to close a net 13 ahead at 450p. CU lost 8 to 450p.

Turnover in lifes was almost entirely concentrated on Prudential, which settled a fraction easier at 201p on turnover of 3.7m. Prudential reports interims on Wednesday; analysts forecast that the group's trading profits will come out very badly; SG Warburg Securities is going for £97m, and Nomura £107m. Kleinwort Benson published a cautious note on the shares, recommending clients to reduce overnight holdings. Nomura described the life sector as "a dead money situation in the short-term."

There were some heavy trades in a number of companies in the building sector. The most prominent of these were in BPB and BCL. The latter, which revealed lower interim profits in midweek, edged up to 203p, with turnover of 5.2m shares boosted by two single deals of 1.7m and 1.4m apiece. BPB, scheduled to announce interims in November, dipped 2 to 167p with the Seaq ticker revealing trades of 1.8m and 1.5m.

Shares in Butler Cox, the management consultancy group which specialises in information technology, plunged from an overnight 176p to 75p before stabilising and eventually closing a net 76 off at 102p after the group revealed sharply lower interim profits and accompanied the figures with a warning on second half performance. Butler Cox were floated on the market in May 1989 at 175p.

Betacom, the consumer telecoms and electronic equipment group, jumped 6 to 21p after Amstrad boss Alan Sugar was revealed as having bought a 3 per cent stake in the company.

Gestetner toppled on speculation that a merchant bank had unsuccessfully attempted to place some 4m shares on Thursday at 202p. Mr Sandy Morris of County NatWest said he had heard the rumours of a large line of stock in the market but expressed surprise over the reaction in the shares, down 11 at 191p yesterday. He remained positive on Gestetner, which he described as a high-quality distribution company.

Davies & Newman encountered yet more turbulence but on this occasion rose 45 to 345p on revived bid speculation. There have recently been suggestions that the company could sell its airline subsidiary Dan Air.

Full-year profits downgradings after Thursday's disclosure of an interim shortfall sent **Cookson** lower still, the shares ending 6 off at 106p.

The stores sector had a rough ride, with gossip swirling about Boots and analysts saying that August had been a difficult month for retailers. **Marks and Spencer** shed 5 to 226p, **Argos** lost 4 to 234p and **Dixons** weakened 2¼ to 135½p.

Kingfisher slid 11 to 307p, having bottomed at 298p on talk that Morgan Stanley had downgraded. The securities house denied the suggestion but acknowledged it had bought puts in the traded option markets "for clients and not because of a change in recommendation."

One exception to the gloomy mood in the sector was **Pentos**, where the 6 per cent of the recent rights issue not taken up was placed by County NatWest and Carr Kitcat & Aitken. The shares firmed 5 to 102p.

Tate and Lyle's statement that it was considering buying British Sugar, owned by Berisford, left the shares 6 off at 247p. **Associated British Foods**, which also wants British Sugar, lost 14 to 414p on fears it might become embroiled in an auction for the company. Berisford firmed a penny on the news but ended unchanged at 40p.

Polly Peck resumed its downward trend on hearing reports that the company might face higher taxes on its Turkish activities. The shares fell 19 to 262p.

British Aerospace moved up 4 to 538p. The rise followed an announcement that Aerostructures Hamble, a BAe subsidiary, had taken two major orders at the Farnborough Air Show. The first contract, worth more than $100m was to supply parts to the Douglas Aircraft Company for its C-17 Long Range Heavy Airlifter aircraft. The second, from Saab Aircraft, is for the design and manufacture of wing-to-fuselage fairings.

British Steel bucked the market trend and nudged up 4½ to 127p on a turnover of 5.9m as investors were attracted by the high yield. The company began a series of presentations yesterday.

McKechnie dropped 6 to 217p following an announcement that the sale of the company's Extruded Products division to Telleborg AB is to be renegotiated. Instead of a straight sale in excess of £37m McKechnie is expected to receive £19m and take around £15m in debts.

Clayton Son fell 13 to 185p after one securities firm marked down the price for a sale and others followed.

■ Other market statistics, including the FT-Actuaries Share Index and London Traded Options, Page 9.

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change
ADT	700	153	+1	Courtaulds	661	310	+1	Manpower	8	52		Smith (W H) A	518	335	+7
ASDA Group	8,900	109		Dalgety	88	353	+2	Marks & Spencer	3,500	226	−5	Smith & Nephew	793	97	−1
Abbey National	1,600	211	+2	Dixons	1,900	132	−3½	Maxwell Comms.	3,400	182½	+½	SmKl Beecham	1,200	534	+1
Allied-Lyons	1,000	471½	+7½	ECC Group	775	347	−2	Mecca Leisure	86	69	−1	SmKl Beecham Units	30	2400	−19
Amstrad	825	57		Enterprise Oil	657	685	+5	Midland Bank	1,300	242	−4	Smiths Inds.	1,200	300	
Anglian Water	284	227	+2	FKI	631	64	−1	NatWest Bank	2,800	277	−3	South West Water	287	211	+6
Argos	1,200	234	−4	Ferranti	1,900	18½		Next	910	36		Southern Water	224	199	+5
Argyll Group	1,200	231	+1	Fisons	2,600	339	+10	North West Water	695	218	+4	Standard Chartd.	498	372	−1
Ass. Brit. Foods	1,000	404	−14	Gen. Accident	1,000	450	+13	Northern Foods	807	335	+6	Storehouse	277	126	−1
BAA	508	385		General Elect.	3,800	178	+1	[illegible]	[illegible]	284	+4	Sun Alliance	1,200	278	−1
BAT Inds.	1,600	538	+14	Glaxo	1,500	745	+10	Pearson	29	684	+6	Sun Life	1	1086	
BET	858	217	−4	Glynwed Int.	271	228	−1	P & O	1,000	491	−21	T&N	620	152	−1
BICC	1,200	379	+1	Granada	524	181	−5	Pilkington	2,300	156	+1	TI Group	420	430	
BOC	646	474	+5	Grand Met.	1,700	564	+10	Polly Peck Intl.	7,400	262	−19	TSB	2,100	132	+3
BPB Inds.	3,600	167	−2	GUS A	440	980	−8	Prudential	3,700	201	−1	Tarmac	1,400	218	+3
BTR	1,700	358		GRE	3,000	183	−3	RHM	45	276	−3	Tate & Lyle	1,400	247	−6
Barclays	1,000	345	−4	GKN	435	343	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bass	228	987	+2	Guinness	975	833	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Beazer	825	129	+2	Hammerson 'A'	91	561	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Berisford Int.	2,000	40		Hanson	7,000	197	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Blue Circle	5,200	205	+1	Hanson Warrants	1,100	43½	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Boots	4,700	279	−5	Harrisons Crosfield	391	137	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Brit. Aerospace	784	538	+4	Hawker Sidd.	262	474	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
British Airways	1,300	168	+1	Hillsdown	1,100	281	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
British Gas	[illegible]	[illegible]	−1	IMI	231	212	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
British Land	2,500	363	−5	ICI	1,400	873	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BP	4,500	369	−2	Inchcape	924	330	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
British Steel	5,900	127	+4½	Kingfisher	4,600	307	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
British Telecom	5,400	281		Ladbroke	2,900	306	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bunzl	714	70	−4	Land Securities	735	480	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Burmah Castrol	324	803	−5	Laporte	84	485	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Burton	685	97	−1	Legal & General	1,300	367	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Cable & Wire.	1,100	466	+7	Lloyds Abbey	734	316	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Cadburys	1,100	322	+5	Lloyds Bank	839	296	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Calor Group	9	231		LASMO	1,400	498	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Carlton Comms	898	304	−3	Lonrho	373	241½	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Coats Viyella	86	56		Lucas	935	129	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Comm. Union	717	450	−8	MB Group	288	186	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Cookson	2,600	109	−6	MEPC	1,000	460	−9	Slough Ests	788	224	−7	[illegible]	[illegible]	[illegible]	[illegible]

Based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 4.30pm

NEW HIGHS AND LOWS FOR 1990

NEW HIGHS (19).
BRITISH FUNDS (8) INDUSTRIALS (3) Great Southern, Hanson 10pc Loan, OILS (1) OVERSEAS TRADERS (1) MINES (3) THIRD MARKET (1).
NEW LOWS (139).
CANADIANS (3) BANKS (5) BREWERS (1) BUILDINGS (19) CHEMICALS (6) STORES (7) ELECTRICALS (13) ENGINEERING (9) FOODS (8) INDUSTRIALS (31) BSG Intl., Barrett (Henry), Barry Wehmiller, British Polythene, Bullers, Christies Intl., Comac, Community Hospitals, Cookson, Doctus, Dyson (J & J), Granada, Hewitt (J), Hughes (H.T.), Linton Park, Mining & Allied Supplies, Morgan Crucible, Do. 7½pc Pf., NMC 7¾pc Pf., Norton, Page (Michael), OCE 9pc Cv. 1987-92, Platignum, Rank Org., Rock, Scapa, Scottish Heritable, Third Mile Inv., Tomkins, Williams, Do. 8p Pf., Do. 5⅝pc Pf., INSURANCE (3) LEISURE (12) MOTORS (8) NEWSPAPERS (4) PAPERS (8) PROPERTY (19) SHOES (1) TEXTILES (3) TRANSPORT (4) TRUSTS (15) OILS (2) OVERSEAS TRADERS (1) MINES (4).

RISES AND FALLS

	On Friday Rises	On Friday Falls	On Friday Same	On the week Rises	On the week Falls	On the week Same
British Funds	8	78	11	192	193	100
Corps, Dom. & Foreign Bonds	0	5	17	11	14	85
Industrials	260	368	948	1,037	2,072	4,728
Financial and Props	83	198	457	485	908	2,281
Oils	25	20	43	128	110	224
Plantations	0	0	10	1	1	48
Mines	33	26	100	157	175	466
Others	48	71	123	236	285	696
Totals	447	766	1,709	2,255	3,738	8,628

LEADERS AND LAGGARDS

Percentage changes since December 29 1989 based on Thursday September 6 1990

Food Retailing	+	2.09	Transport	-	18.20
Oil & Gas	+	1.44	Investment Trusts	-	18.58
Stores	-	3.95	Electronics	-	18.81
Water	-	4.97	Publishing & Printing	-	18.93
Brewers and Distillers	-	7.30	Building Materials	-	19.61
Packaging & Paper	-	7.67	Financial Group	-	19.62
Telephone Networks	-	11.32	Capital Goods	-	20.52
Overseas Traders	-	11.44	Merchant Banks	-	21.08
Consumer Group	-	12.25	Overseas Traders	-	21.48
Engineering-Aerospace	-	12.96	Motors	-	22.33
Metals & Metal Forming	-	12.98	Electricals	-	22.37
500 Share Index	-	13.22	Textiles	-	22.41
All Share Index	-	14.41	Agencies	-	22.98
Banks	-	15.30	Insurance(Composite)	-	24.90
Food Manufacturing	-	15.42	Property	-	24.95
Industrial Group	-	15.65	Other Industrial Materials	-	25.09
Health & Household Products	-	16.02	Contracting,Construction	-	26.01
Engineering-General	-	16.02	Leisure	-	28.39
Conglomerates	-	16.30	Insurance(Brokers)	-	29.74
Other Groups	-	16.59	Gold Mines Index	-	37.37
Chemicals	-	17.49			

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS		13.500	09/92	101-19	-09/32	12.59	12.38	12.70
		9.000	03/00	83-20	-15/32	11.67	11.70	11.86
		9.000	10/08	82-24	-24/32	11.25	11.11	11.33
US TREASURY *		8.750	08/00	99-11	-04/32	8.85	8.86	8.77
		8.750	08/20	97-18	-11/32	8.98	8.99	8.85
JAPAN	No 119	4.800	6/99	82.4083	-0.096	8.28	8.09	7.97
	No 130	6.700	06/00	93.3264	-0.048	7.91	7.68	7.47
GERMANY		8.500	08/00	96.9000	-	8.98	8.93	8.91
FRANCE	BTAN	9.000	11/95	94.5560	+0.046	10.39	10.31	10.13
	OAT	8.500	03/00	88.6800	+0.100	10.41	10.25	10.13
CANADA *		10.500	07/00	98.1500	-0.250	10.81	10.75	10.81
NETHERLANDS		9.000	07/00	99.3600	-0.080	9.10	9.07	9.02
AUSTRALIA		13.000	07/00	97.2723	+0.210	13.50	13.50	13.41

London closing, *denotes New York morning session
Yields: Local market standard — Prices: US, UK in 32nds., others in decimal

Technical Data/ATLAS Price Sources

COMMODITIES

WEEK IN THE MARKETS

Gulf worries drive aluminium higher

AS THE only base metal for which the Gulf crisis has clear bullish implications it has been no surprise to see aluminium's price outstripping those of its London Metal Exchange companions in the five weeks since Iraqi troops invaded Kuwait. And that situation is also reflected in trading volume figures published by the exchange this week.

Over the first seven months of this year volume in aluminium futures and options was 16.3 per cent up on the corresponding 1989 figure, but the August total of 429,800 lots (25 tonnes each) was no less than 82.6 per cent higher than in the same month last year. Only tin came near to that, with an 81.19 per cent rise to 17,301 lots (5 tonnes each); but since the tin figure is so much lower (note the much smaller lot size) and the contract had only been relaunched in June 1989 the performance is not really comparable.

Copper's August turnover was 47.75 per cent up on last year at 616,634 lots, while nickel's was 48.43 per cent up at 50,554 lots and zinc's up 22.12 per cent at 152,151 lots. Lead was the only market to record a reduction in turnover in August, down 16.78 per cent to 44,434 lots.

The negative impact of higher oil prices on world economic prospects is bad news for producers of all base metals; but the aluminium industry may fare better than the others. A recent study by the Economist Intelligence Unit found that, while other metals required certain levels of economic growth to ensure demand growth, aluminium demand could usually be expected to grow while there was any growth at all in the world economy.

LME WAREHOUSE STOCKS (As at Thursday's close) tonnes		
Aluminium	-8,925	to 126,450
Copper	+625	to 133,175
Lead	-25	to 39,875
Nickel	-294	to 3,762
Zinc	+400	to 43,575
Tin	+70	to 12,130

However, the most important difference for aluminium, with regard to the Middle East crisis, is the fact that, alone among the base metals, it is produced in the region, albeit on a relatively small scale at present. According to Billiton-Enthoven Metals, Middle Eastern production of aluminium in 1990 will be about 445,000 tonnes, or 2.5 per cent of the non-communist world total. But in the admittedly unlikely event of all current expansion and construction projects being completed on schedule the figure could climb to 1.37m tonnes in 1994.

With aluminium supplies already tight and demand expected to continue growing the scaling back of that planned capacity expansion in the Middle East could pose problems for users of the metal.

Stocks held in LME warehouse have been on the slide recently and traders believe that trend still has some mileage in it. After seeing the total shrink by just over 38,000 tonnes in eight weeks to 136,475 tonnes traders shrugged off this Tuesday's announcement of a smaller-than-expected 100-tonne fall. And their instinct that the figure was not yet bottoming out was justified by yesterday's announcement of a 9,925-tonne fall. That sparked a fresh wave of buying that lifted the LME cash price by $38 to a 15½-month high of $2,007 a tonne, up $145 on the week and $288 above the level ruling immediately before the Kuwait invasion.

Copper has also gained ground since the invasion, largely because of concern about the effect on supplies of a three-week strike by workers at Minero Peru, the state-owned Peruvian minerals group. Minero declared force majeure this week on cathode shipments to Southern Peru Copper Corporation, the state mining group for which it refines metal on a tolling basis. SPCC is expected to follow suit soon unless the Minero workers accept an improved wage offer made on Thursday night.

A further supply worry appeared this week with news of another fatal rock burst at Chile's El Teniente, the world's biggest underground copper mine. The third such accident this year, this has cast serious doubt on the future of the mine and added to the copper market's nervousness. Yesterday the LME cash copper price gained £59 to £1,630 a tonne, taking the gain on the week to £72.

There are no supply worries for tin users – quite the reverse. With low cost producers like Brazil ever willing to sell, buyers can afford to sit and wait, and that is just what they appear to be doing. Even an assurance from Brazil, the biggest producer, that it was prepared to curb production when it joins the Association of Tin Producing Countries later this year made little impact on the market, where prices dipped to a life-of-contract lows in mid-week.

Richard Mooney

APPOINTMENTS

Changes at Higgs and Hill

■ The following changes have taken place at HIGGS AND HILL. Mr Ted Potter retires as managing director of the UK construction division, but continues as a director of Higgs and Hill until his retirement on December 31.

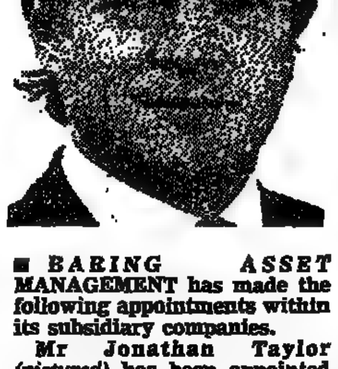
Mr John Theakston, group joint managing director, becomes additionally responsible for the UK division. Mr Theakston will become group chief executive on January 1 1992.

Mr David Hill is appointed chairman of the group and continues as group joint managing director.

Sir Brian Hill continues as executive chairman of the group until the end of 1991, when he will become a non-executive director.

■ Mr Dermot Smurfit has been appointed a non-executive director of MACEY WILLIAMS, Lloyd's brokers and a member of the MacDonagh Boland Group. Mr Smurfit is joint deputy chairman of Jefferson Smurfit Group and chief executive of Smurfit UK.

■ Venture capital group 3i has appointed Mr Peter Williams as regional director-Midlands, South West and Wales. He has been local director of the Birmingham office since 1983. 3i's new local director in Birmingham will be Mr Chris Rowlands, local director of the Cardiff office. Mr Rowlands successor as local director in Cardiff will be Mr Nigel Guy. He is investment director in Birmingham. The appointments are effective from October 1.



■ BARING ASSET MANAGEMENT has made the following appointments within its subsidiary companies.

Mr Jonathan Taylor (pictured) has been appointed managing director of Baring Fund Managers (BFM), the subsidiary responsible for the marketing and administration of Baring's range of UK authorised unit trusts.

Mr Taylor is also a director of Baring Asset Management and the group's marketing director.

Mr Taylor, who continues as BFM's chairman, succeeds Mr William Backhouse as managing director.

Mr Backhouse will concentrate on his responsibilities as director and chief operating officer of Baring Asset Management.

Mrs Kate Woolett has been appointed deputy managing director of Baring International Fund Managers (BIFM). Mrs Woolett remains BIFM's marketing director. BIFM provides Hong Kong-based management of specialist offshore funds.

Mr Nick Broadhead has been appointed marketing director of Baring Investment Management.

■ MURRAY JOHNSTONE, the international investment management group based in Glasgow, has appointed Mr John Thornton as pensions marketing director of Murray Johnstone Pension Management. He will be responsible for developing Murray Johnstone's pension fund and tax exempt business. Mr Thornton joins from Noble Lowndes where he was consultancy director for Scotland.

■ Mr Tony Marx has become group director, personnel and central services of the CIVIL AVIATION AUTHORITY. He was formerly with BOC, Stewart and Lloyds and from 1984 to 1987 was group personnel director with TI. He succeeds Mr John Lockwood who retires at the end of September.

■ Mr John Trostheim (pictured) has been appointed managing director of ABB PROCESS AUTOMATION, a new company formed following the merger of Combustion Engineering of the US and Brown Boveri, the electrical engineering group. He was senior vice president of the automation division of EB Industry and Offshore.

■ REDPACK MACHINES, the packaging machine manufacturer, has appointed Mr Roy Maynard as its managing director. He held the same position with local competitor, Auto Wrappers.

■ Mr Ray Pettitt (pictured), chairman and chief executive of Minet Holdings, has been named as executive vice president for insurance brokerage at THE ST. PAUL COMPANIES. Minet Holdings is a member of The St. Paul Companies, the worldwide insurance organisation based in Saint Paul, Minnesota.

■ HARRISON INDUSTRIES has appointed Mr Alun Dow as managing director of the industrial door division. He was previously chief executive with Trent Holdings.

■ PLATON INTERNATIONAL, the Hampshire-based instrumentation group, has appointed Mr Jean Claude André as a director. He is managing director of Platon Europe, the holding company for Platon's European activities. Prior to joining Platon in January, Mr André was managing director of Houdec SA.

FT MANAGED FUNDS SERVICE

● Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 071-925-2128

AUTHORISED UNIT TRUSTS

Init Chge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's

Abbey Unit Tst Mngrs (1000)H

80 Holdenhurst Rd, Bournemouth 0345 717373

[illegible]

Brown Shipley & Co Ltd — Contd.

[illegible]

Brycourt Unit Tst Mngmt Ltd (1400)F

[illegible]

Buckmaster Mangmt Co Ltd (1200)H

15 St Botolph Street, London EC3A 7JJ

[illegible]

Burrage Unit Tst Mangmt Ltd (0905)F

117 Fenchurch St, London EC3M 5AL 071-480 7216

[illegible]

CCF Foster Braithwaite UT Mngt (1100)F

1 White Hart Yard, London SE1 1NX

[illegible]

CCL Unit Trusts Ltd (1400)F

74 Shepherds Bush Green, W12 8SD

[illegible]

Cornhill Unit Trust Mngrs Ltd (1000)F

[illegible]

Crown Unit Tst Services Ltd (1200)H

[illegible]

Dimensional Tst Mangmt Ltd (0900)F

[illegible]

Discretionary Unit Fund Mngrs Ltd (1000)F

[illegible]

Drummond Fund Mangt Ltd (1000)F

[illegible]

Dunedin Unit Tst Mngrs Ltd (1400)H

[illegible]

GUIDE TO UNIT TRUST PRICING

[illegible]

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	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Target Trust Mngrs Ltd (1600)F						
Target Hse, Gatehouse Rd, Aylesbury Bucks						
Admin 0296 394000 Dealing 0296 312156						
American Eagle	5	64 00	64 00	68.38	+0 49	1 13
Australia	5	6.365	6.365	6.809	-006	3.92
Ecuity	5	141.7	141.7	152 1	+0 3	5.06
Euro Spec Sits	5	103 8	103 8	111 9		0.62
Financial	5	25.52	25.52xd	27 66	-1 11	3 13
Global Opps Inc	5	59.87	59.87	64 42	-0 39	0 00
Global Opps Acc	5	60.32	60.32	64.90	-0 28	0 00
Gold & Gen Inc	5	42.00	42.00	45 16	-0.24	0 89
Gold & Gen Acc	5	78 29	78.29	84 17	-0 45	0 89
Income	5	87 32	87.32xd	93 89	-0 31	6 60
Japan & General	5	106 9	106 9xd	115 1	+1 3	0.00
Preference Share	5	17 53	17.53	18 84	-0.39	14.08
UK Capital	5	77 98	77 98xd	83.73	-0 02	4 02
World Income	5	55 56	55 56	59 68	+0 08	5 92
Worldwide Capital	5	149.6	149.6	161 0	+0.5	3 40
Templeton Unit Trust Managers Ltd (1200)F						
Atholl Crescent, Edinburgh EH3 8HA 031 228 3932						
Global Growth Acc	6	103 10	103 92	111 15	-0 56	3.30
Global Growth Inc	6	99.06	99 85	106 79	-0 54	3.30
Global Balanced Acc	6	99 64	100 14	107.10	-0.29	4.54
Global Balanced Inc	6	94.73	95.21	101 83	-0 27	4 54
Value Tst Acc	6	73 98	75 13	80 36	-0 63	4 09
Value Tst Inc	6½	72.14	73 26	78 35	-0 62	4 09
Intl Pen & Ch ties Inc ♥	3	96 30	97 87	102 76		3 57
Intl Pen & Ch ties Acc ♥	2	94.42	95.96	100.75		3.57
Thornhill Unit Trust Managers Ltd (1200)F						
28 St John's Sq, London EC1M 4AE 071-251 6767						
Capital	5	47.31	47 62	50 65		-
Overseas	5	41.05	41.31	43 94		-
Thornton Unit Managers Ltd (1000)F						
33 Cavendish Sq, London W1M 0DH 071-493 7262						
Dealing 071-493 8545						
American Opps	5	45.10	45 10	48.10	-0 42	0.23
(Accum Units)	5	46.41	46.41	49.50	-0 43	0.23
Cash	0	50 02	50 02	50.02	+0 01	14.87
Accum Units	0	50.02	50.02	50 02	+0.01	14 87
European Opps ♣	5	63.69	63 69	67 93		0.00
(Accum Units) ♣	5	64 04	64 04	68.30		0 00
Far Eastern Opps	5	110.35	110.35	117.70	+0.87	0 00
(Accum Units)	5	111 06	111 06	118 45	+0.87	0.00
Golden Opps	5	31.70	31.79	33 90	+0 05	0 00
(Accum Units)	5	32.61	32.70	34.87	+0.05	0 00
Intl Hi-Yield	5	51 08	51 08	54 48	+0.36	5 05
(Accum Units)	5	55.68	55.68	59 39	+0 38	5 05
Sanyo Japan Tst	5	59 30	59.62	63.58	+0 73	0 00
(Accum Units)	5	59.30	59 62	63.58	+0.73	0.00

	Bid Price	Offer Price	+ or -	Yield Gross
Murray Johnstone UT Mngmt				
Murray Exempt Funds				
Amer Expt Sept 5	41 0	42.6xd		2.42
Euro Expt Sept 5	50 5	53 0xd		2.19
Fixed Int Ex Sept 5	42.3	43 5		11.62
Japan Expt Sept 5	39.9	41 6		0 77
Managed Ex Sept 6	39 8	41.3		5.23
SE Asia Expt Sept 5	60 1	63.0		3.45
Sm Cos Expt Sept 5	32.2	33 8		3.29
UK Eqty Ex Sept 5	36.9	38.7xd		4.95
Phillips & Drew Fund Management Ltd				
Small Co's Sep 5	641.8	685 8		5 25
Do Accum	706 9	755 2		5.25
Int Expt Sept 6	155.8	158.6		3.0
UK Index Sept 5	1015	1035		5.1
Do Accum	1059	1080		5.1
Convertible Sept 3	84.29	86 eR		8.3
World ex UK Index Sept 3	678.1	687 3		2.32
Do Accum	678 1	687.3		2.32
Japan Index Sept 3	541.3	549.1		0.6
Do Accum	542 3	550.0		0 6
USA Index Sept 3	776 1	781 7		3 6
Do Accum	787.0	792.6		3 6
Europe ex UK Index Sept 3	852.3	873.2		2.7
Do Accum	865.6	886.7		2.7
Pacific ex Jap Index Sept 3	831.8	855 5		5 2
Do Accum	847.5	871.6		5 2
Managed Exempt Sept 6	91.15	92.76		5.15
NM Rothschild Asset Management Ltd				
NC Managed	53 6	57.1xd	-0.4	4.21
NC Property	179.5	196.5		-
J. Rothschild Fund Managers Ltd				
Intl Exempt Accum	130.5	131.6		2.97
Stewart Ivory & Co Ltd				
Saints PPP Aug 13	245 8	258.1		-
Closed to new business				
Thornton Unit Managers Ltd				
Managed Exempt Sept 3	91.53	96.95		4.26
(Accum Units)	93.34	98.87		4.26
Touche Remnant Unit Tst Mngt Ltd				
TR Exempt European	1029	1041		2.56
TR Exempt Nth Amer	771	786		4.14
TR Exempt Pac Basin	719	728		1.73

INSURANCES

OTHER UK UNIT TRUSTS

Continued on next page

FT MANAGED FUNDS SERVICE

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Norwich Union Asset Management Ltd
PO Box 124, Norwich NR1 3JS 0603 683986

	Bid Price	Offer Price	+ or −	Yield Gross
NUAM Funds				
Managed Fund	61.2	64.5	−0.2	—
Stock Market Mngt Fund	58.3	61.4	−0.2	—
Equity Fund	65.5	69.0	−0.4	—
International Fund	51.8	[illegible]	—	—
European Fund	64.3	67.7	+0.1	—
North American Fund	50.9	53.5	−0.3	—
Pacific Fund	54.9	57.7	+0.2	—
Property Fund	86.8	91.4	−0.2	—
Fixed Interest Fund	51.0	53.7	−0.2	—
Index linked Sec Fund	57.3	60.4	—	—
Deposit Fund	64.8	68.3	—	—
NUAM Retirement Plans				
Mixed Fund	66.3	69.8	−0.3	—
UK Ordinary Share Fd	75.3	79.3	−0.5	—
International Fund	56.4	59.4	+0.1	—
Property Fund	85.1	89.6	—	—
Fixed Interest Fund	60.5	63.7	−0.2	—
Index Linked Sec Fund	60.5	63.7	—	—
Deposit Fund	74.9	78.8	—	—
NUAM (MP)				
Managed Fund	866.8	912.5	−3.1	—
Equity Fund	1804.5	1899.5	−10.4	—
International Fund	136.7	143.9	—	—
Property Fund	549.4	578.4	−1.2	—
Fixed Interest Fund	382.1	402.3	−1.3	—
Index Linked Sec Fund	58.4	61.5	—	—
Deposit Fund	266.7	280.8	+0.1	—

Norwich Union Life Insurance Soc.
Surrey Street, Norwich NR1 3NG 0603 622200

	Bid Price	Offer Price	+ or −	Yield Gross
Unitised Life				
With Profits Fd	104.26	109.75	+0.03	—
Managed Fd	83.44	87.83	−0.26	—
UK Ord Share Fd	86.06	90.59	−0.46	—
International Fd	76.69	80.73	−0.01	—
European Fd	89.12	93.81	+0.14	—
North American Fd	77.47	[illegible]	−0.44	—
Pacific Fd	[illegible]	73.08	+0.32	—
Property Fd	[illegible]	[illegible]	−0.29	—
Fixed Int Fd	92.18	97.03	−0.27	—
Intl Bond Fd	87.74	92.36	+0.23	—
Deposit Fd	104.92	110.44	[illegible]	—

Providence Capital Life Assc. Co Ltd — Contd.

	Bid Price
Individual Pension Funds	
UK Equity Acc	206.5
UK Fixed Interest Acc	188.6
Intl Equities Acc	207.0
UK Managed Acc	168.6
Property Acc	208.6
Money Acc	146.5
Special Market Acc	219.8
Japan Equity Acc	152.6
North American Acc	107.1
Pacific Acc	160.4
Technology Acc	140.4
Natural Resources Acc	102.7
European Acc	115.5
[illegible]	105.8
Swiss Equities Acc	35.0
Hong Kong Acc	47.2
UK High Inc Equ Acc	66.8
Int Fixed Interest Acc	52.0
Int Managed Acc	53.4
Group Pension Funds	
Equity Acc	716.0
Fixed Interest Acc	554.6
Managed Acc	120.5

Provident Life Assoc Ltd
Provident Way, Basingstoke RG21 [illegible]

	Bid Price
Unit Fund (Mixed)	980.8
Equity Fund	223.7
International Fd	129.3
Fixed Interest Fd	154.9
Property Fund	227.3
Index-Linked Fund	145.5
Deposit Fund	154.0
Pens. Mixed (Ord) Fd	238.5
Gold Pensions	
Discretionary Fund	[illegible]
Equity Fund	[illegible]
Fixed Interest Fund	112.9
International Fund	99.6
Property Fund	138.0
Index-Linked Fund	[illegible]
Deposit Fund	131.2
S & F Consolidation	[illegible]

OFFSHORE AND OVERSEAS

OFFSHORE INSURANCES

MANAGEMENT SERVICES

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

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JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)

IRELAND (SIB RECOGNISED)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

WORLD STOCK MARKETS

US MARKETS (3pm)

AUSTRIA

BELGIUM/LUXEMBOURG

DENMARK

FINLAND

FRANCE

FRANCE (continued)

GERMANY

GERMANY (continued)

ITALY

ITALY (continued)

NETHERLANDS

NORWAY

SPAIN

SWEDEN

SWITZERLAND

SOUTH AFRICA

CANADA (3pm)

JAPAN

AUSTRALIA

AUSTRALIA (continued)

HONG KONG

MALAYSIA

SINGAPORE

INDICES

NEW YORK

DOW JONES	Sept. 6	Sept. 5	Sept. 4	Aug. 31	1990 HIGH	1990 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	2596.29	2628.22	2613.37	2614.36	2999.75 (16/7)	2483.42 (23/8)	2999.75 (16/7/90)	41.22 (2/7/32)
Home Bonds	89.50	89.47	89.53	89.11	93.04 (3/1)	88.48 (2/5)	—	—
Transport	892.20	897.74	896.08	901.44	1212.77 (6/6)	861.31 (23/8)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	198.25	198.44	196.05	195.93	236.23 (2/1)	190.96 (24/8)	236.23 (2/1/90)	10.50 (8/4/32)

♦Day's High 2633.17 (2643.07) Low 2575.99 (2588.61)

STANDARD AND POOR'S

	Sept. 6	Sept. 5	Sept. 4	Aug. 31	1990 HIGH	1990 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	320.46	324.39	323.09	322.56	368.95 (16/7)	307.06 (23/8)	368.95 (16/7/90)	4.40 (1/6/32)
Industrials	379.50	384.37	382.86	382.05	437.37 (16/7)	362.23 (23/8)	437.37 (16/7/90)	3.62 (21/6/32)
Financial	23.76	24.05	23.98	24.00	31.87 (3/1)	22.87 (23/8)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	176.06	177.93	177.13	176.97	201.13 (16/7)	168.88 (23/8)	201.13 (16/7/90)	4.46 (25/4/42)
Amex Mkt. Value	324.50	325.41	322.74	323.39	382.45 (5/1)	315.85 (23/8)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	378.78	382.43	381.67	381.21	469.60 (16/7)	360.22 (23/8)	485.73 (9/10/89)	54.87 (31/10/72)

	Aug 24	Aug 17	Aug 10	year ago (approx.)
Dow Industrial Div. Yield	4.29	4.10	3.98	3.39

	Sept 5	Aug 29	Aug 22	year ago (approx.)
S & P Industrial div. yield	3.24	3.24	3.34	2.81
S & P Indl. P/E ratio	15.47	15.47	14.96	14.42

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day
Motorola	2,283,500	61½	- 7⅝
Limited Inc.	1,965,900	15⅝	- 1⅛
Wal-Mart	1,868,800	27½	- ¾
Toys R Us	1,782,900	23¼	- ⅛
Exxon	1,763,100	50⅞	- ½
Gen. Electric	1,756,700	60	- ¼
Pepsico	1,575,900	24½	- ⅛
IBM	1,347,000	102⅝	—
BCE Inc	1,285,000	31⅞	- ⅛
Hanson	1,172,400	18⅝	- 1

TRADING ACTIVITY

† Volume Millions	Sept. 6	Sept. 5	Sept. 4
New York	125.620	120.610	92.940
Amex	10.547	7.915	8.787
NASDAQ	98.734	89.049	78.141
Issues Traded	1,947	1,967	1,950
Rises	507	947	657
Falls	951	566	805
Unchanged	489	454	488
New Highs	12	12	4
New Lows	73	70	2

CANADA TORONTO

	Sept 6	Sept 5	Sept 4	Aug. 31	1990 HIGH	1990 LOW
Metals & Minerals	2987.08	3032.76	3027.20	3046.71	3453.05 (4/1)	2850.80 (23/4)
Composite	3312.80	3333.19	3333.27	3346.25	4009.47 (3/1)	3312.80 (6/9)
MONTREAL Portfolio	1731.63	1743.79	1748.89	1756.54	2060.90 (3/1)	1720.25 (27/4)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Sept. 7	Sept. 6	Sept. 5	Sept. 4	1990 HIGH	1990 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1478.9	1480.5	1479.8	1494.2	1713.7 (12/1)	1434.5 (3/8)
All Mining (1/1/80)	734.9	736.4	731.6	737.9	868.8 (5/1)	711.7 (2/7)
AUSTRIA						
Credit Aktien (30/12/84)	585.86	586.25	585.61	587.57	703.29 (19/3)	464.55 (25/8)
BELGIUM						
Brussels SE (Cash Mkt) (1/1/80)	5465.45	5485.97	5484.43	5472.88	6899.43 (12/1)	5243.52 (23/8)
DENMARK						
Copenhagen SE (3/1/83)	357.16	357.17	357.48	358.58	388.29 (20/7)	347.89 (23/8)
FINLAND						
Unitas General (1975)	497.9	501.1	507.7	512.3	677.3 (23/1)	497.9 (7/9)
FRANCE						
CAC General (31/12/82)	438.32	446.92	446.42	444.73	564.62 (30/5)	417.98 (22/8)
CAC 40 (31/12/87)	1619.16	1609.51	1636.32	1620.93	2129.32 (20/4)	1546.52 (21/8)
GERMANY						
FAZ Aktien (31/12/58)	667.15	666.26	676.60	685.25	832.32 (19/7)	655.37 (23/8)
Commerzbank (1/12/53)	1913.1	1909.6	1940.7	1966.7	2414.0 (3/4)	1875.4 (23/8)
DAX (30/12/87)	1562.92	1557.12	1584.27	1590.07	1966.55 (30/3)	1520.34 (23/8)
HONG KONG						
Hang Seng Bank (31/7/64)	3047.91	3032.85	3039.69	3054.36	3559.89 (23/7)	2738.24 (1/2)
IRELAND						
ISEQ Overall (4/1/88)	1259.61	1271.62	1289.26	1283.25	1898.10 (22/1)	1259.61 (7/9)
ITALY						
Banca Com. Ital. (1972)	603.92	604.96	606.69	603.96	763.52 (14/6)	591.37 (24/8)
JAPAN						
Nikkei (16/5/49)	23962.07	23811.95	24078.34	24907.64	38712.88 (4/1)	23737.63 (23/8)
Tokyo SE (Topix) (4/1/68)	1845.95	1846.03	1860.08	1910.35	2867.70 (4/1)	1829.25 (23/8)
2nd Section (4/1/68)	3568.28	3613.35	3667.36	3761.51	4477.16 (16/7)	3313.92 (6/4)
MALAYSIA						
KLSE Composite (4/4/86)	541.41	547.47	551.88	550.82	632.22 (1/8)	488.77 (23/8)
NETHERLANDS						
CBS TU.Rtn.Gen.(End 1983)	246.0	245.6	244.9	242.6	271.9 (20/7)	236.7 (23/8)
CBS All Shr (End 1983)	182.3	182.0	181.5	179.8	206.3 (3/1)	176.1 (24/8)
NORWAY						
Oslo SE (Ind) (2/1/83)	865.96	869.26	868.14	865.64	915.13 (2/8)	708.67 (2/1)
PHILIPPINES						
Manila Comp (2/1/85)	712.67	717.71	726.38	732.42	1160.70 (21/3)	683.58 (23/8)
SINGAPORE						
SES All-Singapore (2/4/75)	347.98	350.57	351.40	358.17	446.87 (16/7)	321.66 (23/8)
SOUTH AFRICA						
JSE Gold (28/9/78)	1630.0	1637.0	1607.0	1649.0	2230.0 (16/1)	1322.0 (28/6)
JSE Industrial (28/9/78)	2871.0	2877.0	2886.0	2904.0	3211.0 (6/2)	2738.0 (24/8)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	613.68	616.29	625.00	632.34	928.82 (4/1)	587.38 (25/8)
SPAIN						
Madrid SE (30/12/85)	241.34	242.52	246.80	250.21	309.74 (16/7)	234.79 (23/8)
SWEDEN						
Affarsvariden Gen. (1/2/37)	1129.6	1126.0	1133.3	1137.0	1329.9 (5/7)	1086.4 (23/8)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	676.5	682.7	683.2	686.6	845.5 (13/7)	656.4 (23/8)
TAIWAN**						
Weighted Price (30/6/66)	(c)	3398.85	3364.49	3680.75	12495.34 (10/2)	3235.56 (24/8)
THAILAND						
Bangkok SET (30/4/75)	838.86	844.52	851.45	873.34	1143.78 (25/7)	805.01 (24/8)
WORLD						
M.S. Capital Intl. (1/1/70)	(u)	462.4	465.7	466.2	571.0 (4/1)	448.3 (24/8)

**Saturday September 1: Taiwan Weighted Price 3768.11, Korea Comp Ex. 609.81.

‡ Subject to official recalculation.

Base values of all indices are 100 except: Brussels SE, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

NOTES – Prices on this page are as quoted on the individual exchanges and are last traded prices. ‡ Unavailable. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

WORLD STOCK MARKETS

AMERICA

Decline in oil prices helps Dow to rebound

Wall Street

US STOCK markets shrugged off poor domestic economic statistics yesterday morning, and market indices rose in thin trading volume in response to falling oil prices, *writes Martin Dickson in New York.*

At 2 pm, the Dow Jones Industrial Average stood at 2,618.32, up 22.03, after opening in lower territory in reaction to the release of August employment figures. On Thursday the Dow had lost 31.93 to 2,596.29.

The figures were the first of this closely watched statistical series since the onset of the Gulf crisis, and they underlined the weakness of the domestic economy. The jobless rate rose from 5.5 per cent in July to 5.6 per cent in August, while non-farm payrolls rose by 45,000, stripping out temporary census workers.

However, while the job growth figures were at the lower end of expectations, analysts felt they were not bad enough to prompt an easing of monetary policy by the US Federal Reserve. The Fed confirmed this view by stepping into the market with a round of customer repurchase agreements with the Federal Funds rate at 8 1/16, signalling no change in policy.

The bond market reacted with disappointment to the employment figures and lack of Fed action, pushing the price of Government securities down by ¼ point in early trading. But the market recovered in response to falling oil prices.

The stock and bond markets were also buoyed by a statement from President George Bush, who said that he was optimistic that an agreement to cut the federal budget deficit could be worked out soon. At lunchtime the benchmark Treasury long bond was trading up 1/16 at 98.15 for a yield of 8.89.

Activity remained light before tomorrow's summit meeting between Mr Bush and Mr Mikhail Gorbachev, the Soviet leader, and amid continuing uncertainty over the course of Middle East developments. Volume on the New York Stock Exchange totalled 74.4m shares by lunchtime, with advancing stocks outnumbering declines by 886 to 482.

Oil stocks remained buoyant in spite of the crude price trend, with Exxon at $50⅝, up $⅜, and Mobil up $½ at $66⅞. Among blue chips, IBM was up $2 at $104⅞ and General Electric $¼ higher at $60¼.

Compaq Computer dipped in early trading on an unfavourable press report, but later recovered to stand up $⅝ at $45⅝.

Among other high-technology stocks, Motorola rose $¾ to $62¼ following Thursday's sharp decline on the news that various analysts were cutting their earnings forecasts for the company.

Paramount Communications, which dipped on Thursday in the wake of results and a lower profits forecast, recovered some ground and rose $⅜ to $35⅛.

Goodyear Tire, which said on Thursday that it expected a loss in the third quarter of about $65m, mostly because of European lay-offs, fell $⅜ to $21⅛.

Canada

EARLY LOSSES in Toronto were partially recovered by midsession. The market had fallen in the morning after Thursday's victory by the socialist New Democratic Party in Ontario elections, and weaker-than-expected Canadian unemployment figures.

The composite index lost 22.3 to 3,290.5 on volume of 11.9m shares. Declines led advances 292 to 124.

Among real estate and construction companies, Cambridge Shopping Centres dropped C$⅞ to C$23½, Coscan fell C$⅛ to C$7¾ and Royal LePage lost C$¼ to C$7¾.

EUROPE

Bourses edge higher as volumes remain thin

LEADING markets finished a quiet week slightly higher yesterday, although investors remained cautious about the Middle East crisis, *writes Our Markets Staff.*

PARIS finished at its day's peak after Wall Street opened higher, but volume was weak. The CAC 40 index rose 9.65 to 1,619.16, a decline over the week of 4.2 per cent.

Turnover was estimated as similar to Thursday's at about FFr1.5bn – "a typical Friday, bear-market, no-news turnover," said one analyst, adding that most of the activity was accounted for by professionals.

Rhône-Poulenc, the chemicals group, dropped another FFr8.90 to FFr232 with 209,625 of its certificats d'investissement, or non-voting preference shares, traded. Investors were worried that earnings would deteriorate further in the second half after its poor first-half figures on Wednesday. The shares have fallen 16.5 per cent since Tuesday.

Other cyclicals that are not expected to see a downturn in earnings in 1991 have been finding strong support levels, said the analyst, with Lafarge Coppée, for example, stabilising at about FFr330. Yesterday it lost FFr4.40 to FFr331.10.

Carrefour, the retailer, lost FFr35 to FFr3,250 before announcing better-than-expected results after the close.

FRANKFURT was reduced to short covering, which produced a selection of share price rises, amid uncertainty before tomorrow's Helsinki summit between US President George Bush and Soviet President Mikhail Gorbachev. The price changes meant little in the way of actual trading.

The FAZ index eased 0.89 to 667.15 at midsession, and the DAX closed the day 5.80 higher at 1,562.92, for falls on the week of 3.8 and 4.1 per cent respectively. Volume was apathetic, falling from DM3.8bn to DM3.1bn.

Thursday's MAN results lifted the truck, engineering and steel trading group's shares a further DM13 to DM350, and a rise in Porsche sales sent it DM23 higher to DM925. Deutsche Babcock continued its recovery, rising DM9 to DM160.50, but the improvement did not extend elsewhere in the engineering sector, where Klöckner-Werke fell DM5 to DM135 and Linde lost DM20 to DM770.

Forecasts of retail sales growth of between 8 and 9 per cent in West Germany this year did not impress analysts, who said that this prospect was already built into 1990 expectations for the sector. While Kaufhof rose DM4.50 to DM594, Karstadt fell DM14 to DM662.

AMSTERDAM gained ground in light trading; the CBS tendency index added 1.0 to 102.1, almost unchanged since the previous Friday.

Heineken, the brewer, rose 90 cents to Fl 114.70 before reporting a 13 per cent rise in first-half operating profits after the market closed. Analysts had been forecasting a rise of 7-10 per cent. Nedlloyd, the shipping and transport group, gained Fl 2.50 to Fl 55.80 on renewed stake-building rumours.

MILAN eased in thin, cautious trading, the Comit index closing 1.04 lower at 603.92 for a 3.7 per cent fall on the week. Chemicals pushed higher on hopes of a solution to the strife between the main Enimont shareholders, Montedison and ENI. Enimont rose L55, or nearly 5 per cent, to L1,244 for a two-day gain of nearly 10 per cent as a shareholders' meeting was postponed until September 28 to allow more time for negotiations.

Elsewhere, Fiat slipped L23 to L6,612 after it said that car sales to the Italian market had slipped by 4 per cent in July from a year earlier.

ZURICH fell in moderate trading, the Crédit Suisse index losing 5.5 to 538.0 for a 3.4 per cent decline on the week. Rises in overnight and one-month Swiss franc interest rates provoked the decline, according to brokers.

Interest in equities was also dampened by reluctance to take positions before a three-day weekend. The Zurich Stock Exchange will be closed on Monday for a local holiday.

STOCKHOLM's volume slipped from Thursday's SKr253m, a level normally considered to be low, to SKr192m, as the Affärsvärlden General index rose 3.6 to 1,129.6, for a 2.6 per cent fall on the week.

MADRID slipped in cautious trading, with the general index down 0.98 at 241.34, a loss on the week of 6.4 per cent.

VIENNA edged higher, with the bourse index up 0.24 at 568.89, but it finished the week 5.9 per cent lower after the previous week's strength. ISTANBUL partially recovered Thursday's losses, as the index rose 143.54 to 4,672.51 – a fall on the week of 5.4 per cent.

ASIA PACIFIC

Nikkei mirrors recovery in futures

Tokyo

NEW YORK's overnight fall and higher crude prices led to an early retreat yesterday, but higher futures prices and rumours of a coup in Iraq led to a recovery later, *writes Michiyo Nakamoto in Tokyo.*

The Nikkei, tracking the futures index, fell to its intraday low (and a low for the year) of 23,403.71 by mid-morning. Institutional investors sold ahead of the mid-year closing of accounts, while arbitrageurs unwound positions in advance of next week's expiry of the index futures September contract.

However, a subsequent futures recovery enabled the leading index to close higher for the first time in five sessions at 23,962.07, up 150.16. Its intraday high was 24,045.14. This was also partly attributed to rumours that President Saddam Hussein had fled Iraq after a coup.

Talk that Nihon Keizai Shimbun, the leading Japanese business daily, was considering changing the composition of the Nikkei-225 index, better to reflect the broader market, also led to expectations that the market's outlook could change for the better.

At the same time a spreading consensus that index futures prices had fallen substantially triggered futures buying, said Mr Louis Tseng at Goldman Sachs. Those who wanted to buy futures but were unable to buy in time, turned to buying in the cash market, he said.

In spite of the Nikkei's advance, declines outnumbered advances by 567 to 388 with 141 unchanged. Turnover rose to 440m shares from Thursday's 380m. The Topix index of all listed stocks lost a minimal 0.10 to 1,845.98 and, in London, the ISE/Nikkei 50 index finished the day down 3.60 at 1,398.09.

Interest shifted from speculative situations to highly priced issues of companies with good earnings prospects and stocks with low price/earnings ratios. Kurabo, previously popular on talk that it was being bought by speculators, dropped Y60 to Y1,790. It was second in volume with 14.9m shares.

Non-ferrous metals, after rising recently on a gold find by Sumitomo Metal Mining, lost ground. SMM topped the actives list and declined Y20 to Y1,550. Mitsui Mining and Smelting fell Y49 to Y751.

Among highly-priced issues Kyocera, a maker of ceramics and semiconductor components, climbed Y260 to Y7,350. Fuji Photo Film gained Y120 to Y3,860.

Low p/e stocks included Hitachi, sluggish recently, but up Y30 at Y1,280 yesterday on a multiple of 19. Pharmaceuticals also rose on these grounds: Yamanouchi Pharmaceutical, on a p/e of 25, advanced Y120 to Y2,570.

Osaka traced a different course from Tokyo, finding high-technology and pharmaceutical issues lower. The OSE average declined 227.73 to 28,041.42 in volume of 71m shares, up from Thursday's 66m.

Roundup

A FEW markets ended above their lows on rumours about events in the Gulf, with Hong Kong managing to end higher. Most of the region, however, declined in quiet trading. Taiwan was closed as Typhoon Dot approached.

HONG KONG rose on bargain-hunting, encouraged by rumours of a coup attempt in Iraq. The Hang Seng index rose 15.06 to 3,047.91, after losing about 20 points earlier, but finished the week 1.3 per cent lower. Turnover remained thin at HK$631m, up from Thursday's HK$607m.

SINGAPORE recovered from its day's low as bargain-hunters emerged on talk that President Saddam Hussein had fled, but closed with a loss in thin trading. The Straits Times Industrial index ended 7.80 down at 1,238.76, after reaching a low of 1,230.79. The index lost 3.1 per cent on the week.

KUALA LUMPUR also ended above its lowest levels, with the composite index finishing 6.06 lower at 541.41, little changed on the week.

Faber Merlin, which resumed trading yesterday after agreeing to a rescue plan from its largest shareholder, fell 3 cents to M$1.24. It was the most active stock with 4.3m shares traded.

SEOUL eased in moderate trading for the fourth consecutive session, with the composite index losing 7.39 to 608.90, but finished the week 0.3 per cent higher after a 4.3 per cent improvement last Monday. Worries about the Middle East and the lack of tangible progress at the talks between North and South Korea depressed the market.

AUSTRALIA slipped in lacklustre trading, as the All Ordinaries index eased 1.6 to 1,478.9. The index lost 1.9 per cent on the week.

NEW ZEALAND slipped in light volumes; the Barclays index shed 17.58 to 1,564.80, a decline on the week of 4.8 per cent. Wilson Neill was the most active stock, ending steady at 42 cents on volume of 7.4m after Magnum, the brewing and retail company, raised its stake to 17.3 per cent from 15.2 per cent. Magnum rose 3 cents to NZ$3.03.

MANILA edged lower in quiet trading, on fears that Typhoon Dot would lead to floods, and before talks about the US military bases. The composite index lost 5.04 to 712.67, a drop of 5 per cent since the previous Friday.

BOMBAY more than recouped the losses that followed Monday's introduction of trading curbs, designed to reduce speculation. The BSE index rose 25.89 to a record 1,255.72, ending the week slightly higher.

SOUTH AFRICA

LISTLESS trading left Johannesburg stocks mixed yesterday as uncertainty about the international situation continued. The all-gold index slipped 7 to 1,630, a fall of 2.4 per cent on the week. Vaal Reefs lost R5 to R300.

Optimists remain scarce even after Tokyo rout

Ian Rodger analyses prospects for share prices

ANY THOUGHTS that the Tokyo stock market had hit rock bottom at the end of August – after what has been dubbed a major correction phase – have been quickly dashed. In the first week of September, the Nikkei average of 225 leading shares has lost a further 8 per cent of its value.

For the record, the Nikkei is nearly 40 per cent down from its peak at the end of last year. As Mr Peter Tasker of brokers Kleinwort Benson International in Tokyo puts it, that probably ranks the fall this year as "the world's most significant bear market since the war."

Tokyo's market capitalisation has fallen by a staggering $1,500bn, which Mr Tasker calculates is a larger sum than the combined capitalisation of all the stock markets in continental Europe. That there has been no evidence so far of people jumping out of windows can only be put down to the stoic Samurai spirit of the Japanese, he suggests.

Indeed, the Nikkei average has returned to levels that it last saw in early 1977, and that was a time when both industrial companies and individuals were indulging uninhibitedly in zaitech – or trying to boost earnings through aggressive equity trading.

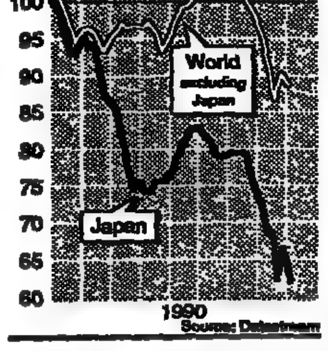
Most analysts expect evidence of pain to come out gradually in the next few months, both in the form of sharply reduced earnings from some industrial companies, and of liquidity crises at a few small banks, which lent too much money to speculators.

However, the important things from the investor's point of view are whether the rout is at, or nearing, the end and, if so, how fast the market will recover. It is hard to get a confident view in Tokyo on these issues. There is much talk about the Nikkei bottoming at the 20,000 level, but some bears are still forecasting more drastic declines to come.

"We all feel very nervous," says Mr Nobby Kagami, managing director of Nomura Investment Management. "I think we are looking at a flat market at best in the next few months."

For those trying to find a fundamental basis for valuation, the market today has a price/earnings ratio of about 36, which is not far from where it was in late 1985, before the wondrous four-year liquidity-driven boom began. (Those analysts who have been claiming for the past four years that the Japanese market was overvalued now have the satisfaction of having been proven right, but if they acted on their assessment from the beginning, they missed a lot of fun.)

FT-A World Indices (local terms)



Source: Datastream

Moreover, during the intervening period Japanese industries have, according to most indicators, significantly strengthened their international competitiveness, a factor which suggests that their shares deserve a somewhat higher rating than those of foreign competitors.

However, these general points are, for the moment, being subordinated to other more immediate worries. As Mr Kagami says, while concern about valuations compared with shares in other markets may have disappeared, "we do not feel comfortable with the relationship between stock and bond prices."

Unless bond yields come down, he says, the chances of a recovery in the stock market are slight. Real interest rates in Japan are very high, but the Bank of Japan is so far showing no propensity to weaken its squeeze on the money markets. Its worries about inflation have been accentuated by rising oil prices and by ever-worsening labour shortages in Japan. Some economists think further increases in interest rates are still possible.

Meanwhile, the big banks are adding to the liquidity squeeze. A large part of their capital is in the form of unrealised profits on long-held equities. In the past few months, the value of those equities has slumped, so their capital ratios have been undermined. Consequently, the banks are cutting back hard on loan growth these days.

Until now, the real economy has remained robust regardless of the liquidity squeeze, and the Government's Economic Planning Agency yesterday reasserted its confidence that gross national product would grow by an impressive 4 per cent in the current fiscal year. However, analysts are beginning to fear that the combination of the banks' credit crunch, high interest rates and the weakening world outlook could soon cause many Japanese companies to curtail their capital spending. Private sector investment has been one of the main driving forces in the economy's growth.

"By next year, just as the bulk of the current investment boom begins to exhaust itself, the impact of high interest rates and the continuing decline in equity markets will make themselves felt with surprising force," says Mr Ken Courtis of Deutsche Bank.

The other emerging concern is the near-term outlook for corporate profitability. According to a recent survey by the Nihon Keizai Shimbun newspaper, profit growth of industrial companies may be only 1.2 per cent in the current fiscal year compared with 8 per cent last year. After three years of very strong profit growth it is hardly surprising that this is now fading, but it is still not good news for investors.

All this suggests that the Japanese market will not be a place for the faint hearted or for those searching for a quick turn in the next few months. However, it is always futile to wait for the turning point, and Tokyo brokers say some foreign investors have already started to move back in.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY SEPTEMBER 6 1990								WEDNESDAY SEPTEMBER 5 1990					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1990 High	1990 Low	Year ago (approx)
Australia (80)	143.58	-0.2	111.53	127.97	116.22	115.83	+0.0	6.48	143.80	112.29	128.76	116.81	115.82	158.31	125.85	153.12
Austria (19)	221.73	+0.8	172.24	197.63	179.49	179.44	+0.2	1.62	220.00	171.80	196.99	178.71	179.06	285.63	183.15	149.81
Belgium (61)	140.86	-0.1	109.43	125.54	114.03	111.34	-0.4	5.20	141.08	110.13	126.27	114.56	111.82	160.02	132.11	133.29
Canada (119)	132.19	-1.1	102.69	117.81	106.99	110.79	-0.7	3.66	133.64	104.36	119.68	108.56	111.63	153.61	130.37	150.07
Denmark (33)	257.58	+0.3	200.10	229.59	208.51	208.89	-0.2	1.42	256.88	200.60	230.01	208.67	209.36	277.82	236.69	190.23
Finland (26)	120.92	+0.1	93.93	107.78	97.88	93.21	-0.4	2.94	120.79	94.33	108.16	98.13	93.56	152.29	120.79	129.57
France (122)	136.88	-1.5	106.33	121.99	110.79	112.03	-1.9	3.86	138.97	108.52	124.42	112.88	114.17	166.85	133.16	130.92
West Germany (92)	119.50	-1.2	92.83	106.52	96.73	96.73	-1.6	2.33	120.97	94.47	108.33	98.27	98.27	144.63	117.75	97.56
Hong Kong (48)	123.83	-0.4	96.20	110.37	100.24	123.48	-0.4	5.27	124.38	97.13	111.37	101.04	124.03	147.49	112.24	108.55
Ireland (17)	146.81	-1.1	114.05	130.85	118.84	120.03	-1.6	3.62	148.52	115.98	132.98	120.65	122.02	186.57	148.81	150.97
Italy (96)	89.32	-0.2	69.39	79.61	72.30	77.55	-0.5	3.05	89.46	69.86	80.10	72.67	77.90	109.26	87.35	92.08
Japan (454)	124.77	-0.1	96.92	111.20	101.01	111.20	-0.6	0.76	124.92	97.55	111.85	101.49	111.85	197.26	118.66	176.19
Malaysia (35)	220.88	+0.2	171.59	196.86	178.80	228.54	+0.2	2.59	220.44	172.15	197.37	179.07	228.08	250.89	195.23	194.91
Mexico (13)	505.41	-0.6	392.82	450.46	409.12	1598.63	-0.5	0.32	508.45	397.06	455.25	413.03	1608.30	561.41	524.53	304.87
Netherland (42)	139.23	+0.7	108.16	124.09	112.71	111.49	+0.3	5.11	138.26	107.96	123.79	112.31	111.12	149.05	130.43	126.84
New Zealand (17)	61.72	-0.4	47.96	55.02	49.97	52.39	-0.6	6.82	61.94	48.37	55.47	50.32	52.73	75.38	59.67	84.07
Norway (23)	271.44	+1.0	210.86	241.93	219.73	222.53	+0.9	1.43	268.63	209.78	240.58	218.22	220.59	276.79	202.34	184.48
Singapore (25)	171.01	-1.4	132.84	152.42	138.42	138.54	-0.8	3.01	173.44	135.44	155.30	140.89	139.63	209.24	156.96	169.52
South Africa (60)	176.71	+0.1	137.27	157.49	143.04	151.52	+0.3	3.81	176.51	137.84	158.04	143.38	151.00	251.39	170.00	157.69
Spain (42)	148.78	-1.4	115.58	132.61	120.43	110.63	-1.6	4.97	150.91	117.85	135.13	122.59	112.44	182.25	132.84	158.17
Sweden (34)	196.94	-0.5	152.99	175.53	159.42	167.27	-0.9	2.40	198.01	154.63	177.30	160.86	168.77	234.93	173.89	170.47
Switzerland (65)	95.30	-0.4	74.03	84.95	77.16	76.75	-0.3	2.76	95.70	74.73	85.69	77.75	77.01	108.77	88.75	89.72
United Kingdom (301)	162.06	-0.9	125.89	144.43	131.17	125.89	-1.4	5.47	163.52	127.70	146.40	132.83	127.70	176.18	139.87	153.25
USA (536)	129.20	-1.2	100.37	115.16	104.69	129.20	-1.2	3.80	130.72	102.09	117.05	106.20	130.72	148.95	123.62	141.77
Europe (972)	138.88	-0.8	107.87	123.76	112.41	110.28	-1.2	4.19	139.97	109.31	125.33	113.71	111.61	157.85	135.57	128.68
Nordic (116)	200.21	+0.0	155.53	178.45	162.07	159.48	-0.4	1.91	200.17	156.32	179.23	162.61	160.07	223.29	185.01	163.92
Pacific Basin (659)	125.37	-0.1	97.39	111.74	101.49	111.63	-0.5	1.17	125.54	98.04	112.41	101.98	112.24	192.75	119.53	172.88
Euro-Pacific (1631)	131.20	-0.4	101.92	116.93	106.20	111.83	-0.8	2.48	131.76	102.89	117.97	107.03	112.76	174.18	127.11	155.34
North America (655)	129.29	-1.2	100.44	115.25	104.68	128.01	-1.1	3.79	130.81	102.15	117.14	106.28	129.49	148.43	124.33	142.16
Europe Ex. UK (671)	123.99	-0.7	96.32	110.54	100.39	100.79	-1.0	3.30	124.80	97.54	111.86	101.49	101.84	145.62	121.42	113.07
Pacific Ex. Japan (205)	131.68	-0.3	102.29	117.36	106.60	113.40	-0.2	5.70	132.12	103.18	118.32	107.34	113.65	146.72	122.53	132.90
World Ex. US (1823)	131.90	-0.4	102.46	117.57	106.77	112.58	-0.8	2.53	132.48	103.46	118.63	107.62	113.50	173.77	128.14	155.27
World Ex. UK (2058)	126.79	-0.7	98.49	113.01	102.64	116.99	-0.9	2.65	127.64	99.67	114.29	103.70	118.02	162.00	121.98	149.03
World Ex. So. Af. (2299)	129.64	-0.7	100.71	115.56	104.95	117.63	-0.9	2.96	130.55	101.95	116.90	106.06	118.75	161.84	125.26	149.34
World Ex. Japan (1905)	133.89	-1.0	104.01	119.35	108.40	121.43	-1.1	4.03	135.19	105.57	121.06	109.84	122.79	151.59	130.40	137.04
The World Index (2359)	129.92	-0.7	100.93	115.80	105.18	117.86	-0.9	2.96	130.62	102.16	117.14	106.28	118.97	162.05	125.57	149.39

Latest prices were unavailable for this edition.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1990 High	1990 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
[illegible]	[illegible]	Treas. 10pcCv 1990	[illegible]	[illegible]	10.07	14.79
[illegible]	[illegible]	Exch 2½pc 1990	[illegible]	[illegible]	2.54	10.99
[illegible]	[illegible]	Treas 11¼pc 1991	[illegible]	.....	11.86	14.26
[illegible]	[illegible]	Funding 5¾pc '87-91‡‡	[illegible]	[illegible]	5.94	11.93
[illegible]	[illegible]	Treas. 3pc 1991	[illegible]	[illegible]	3.16	10.81
[illegible]	[illegible]	Treas 10pc Cv '91 ‡‡	[illegible]	[illegible]	10.29	13.04
[illegible]	[illegible]	Exch. 11pc 1991	[illegible]	[illegible]	11.26	13.33
[illegible]	[illegible]	Treas. 8pc 1991	[illegible]	[illegible]	[illegible]	12.95
[illegible]	[illegible]	Treas 12¾pc 1992‡‡	[illegible]	[illegible]	12.75	12.73
[illegible]	[illegible]	Treas 10pc 1992	[illegible]	[illegible]	10.39	12.85
[illegible]	[illegible]	Treas. 8pc 1992 ‡‡	[illegible]	[illegible]	8.57	12.74
[illegible]	[illegible]	Treas 10½pc Cv 1992‡‡	[illegible]	[illegible]	10.86	12.74
[illegible]	[illegible]	Treas. 3pc 1992	[illegible]	[illegible]	3.98	10.20
[illegible]	[illegible]	Exch. 12¼pc '92	[illegible]	[illegible]	12.34	12.68
104	[illegible]	Exch 13½pc 1992	[illegible]	[illegible]	13.28	12.58
[illegible]	[illegible]	Treas 8¼pc 1993	[illegible]	[illegible]	9.01	12.26
[illegible]	[illegible]	Treas 10pc 1993‡‡	[illegible]	[illegible]	10.54	12.31
[illegible]	[illegible]	Treas 12½pc 1993‡‡	[illegible]	[illegible]	12.42	12.21
[illegible]	82	Funding 6pc 1993‡‡	[illegible]	.....	6.93	11.41
[illegible]	[illegible]	Treas 13¾pc 1993‡‡	[illegible]	[illegible]	13.23	12.15
91	[illegible]	Treas. 8½pc 1994	[illegible]	[illegible]	9.47	12.27
[illegible]	[illegible]	Treas 14½pc 1994‡‡	[illegible]	[illegible]	13.57	12.06
[illegible]	[illegible]	Exch 13½pc 1994	[illegible]	[illegible]	13.02	12.19
[illegible]	[illegible]	Treas. 10pc Ln. 1994‡‡	[illegible]	[illegible]	10.65	12.02
104½	[illegible]	Exch. 12½pc 1994	101	[illegible]	12.38	12.17
92½	85	Treas 9pc 1994‡‡	[illegible]	[illegible]	9.97	12.06
[illegible]	[illegible]	Treas 12pc 1995	[illegible]	[illegible]	12.05	12.10
81	73	Exch 3pc Gas 90-95	79	.....	3.80	8.55
[illegible]	[illegible]	Exch. 10¼pc 1995	[illegible]	[illegible]	10.97	12.06

Five to Fifteen Years

Over Fifteen Years

Undated

BRITISH FUNDS—Contd

Index-Linked

INT. BANK AND O'SEAS

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

FOREIGN BONDS & RAILS

AMERICANS

AMERICANS—Contd

CANADIANS

Continued on next page

LONDON SHARE SERVICE

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BANKS, HP & LEASING

1990 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
£13¼	£9½	ABN Amro Fl5	£10¼	−¼	Q28%	2.1	8.2	5.8
303	189	ANZ SA1	198	−2	44c	1.4	9.9	7.1
229	172	Abbey National 10p	211	+2	5.7	4.3	3.6	8.6
*274	144	Allied Irish Ord	157	+3	Q40%	3.3	5.7	7.1
		For Algemene see ABN Amro						
85	55	Anglo Irish	57	−1	Q18.7%	2.7	7.4	8.2
93	68	Ansbacher (H.) 1p	70	−1	2.5	1.3	4.8	20.2
£71½	£40⅝	Bancaire Cie Fr100	£40⅝	−⅛	Q12¼%	–	3.2	–
£22¼	£15¼	Banco Bilbao Viz	£16¼	.....	Q49.1%	2.7	4.8	11.4
286	155	Bank Ireland Ir£1	158	−1	Q14.7%	2.9	8.3	5.5
£19½	£18	Bank Leumi	£19½	.....	–	–	–	–
350	320	Bank Leumi (U.K.)	350	.....	†15.0	–	5.7	–
125	104	Bank Scotland	111	−2	4.55	3.3	5.5	7.4
100¼	83¼	Do. 9¼pc Irrd Pf	95	.....	9¼%	–	13.0	–
54	39	Bank of Wales	44	.....	2.8	0.8	8.5	(21.1)
428	332	Barclays £1	345	−4	†19.57	3.5	7.6	4.8
22	12	Benchmark 20p	13	.....	1.63	1.0	16.7	7.5
339	281	Brown Shipley £1	281	−1	12.0	2.2	5.7	9.1
*435	335	Cater Allen £1	340	−3	†24.5	–	9.6	–
179	77	Chancery	79	.....	9.0	2.7	15.2	3.2
£23¼	£16¼	Commerzbk DM10	£17½	.....	Q18%	–	3.5	–
£13⅛	675	Dai Ichi KBk Y50	704	−4	Q17%	♦	0.5	♦
*£313¾	£216¼	Deutsche Bk DM50	£223	+2	Q28%	–	2.1	–
£20¾	£15¼	Espirito Santo	£15¼	.....	Q75c	5.1	2.6	7.4
253	174	First Nat. Fin. 10p	188	+1	13.0	2.1	9.2	6.5
121	88	FNFC 6.3pc Cv. Pf	93	+3	6.3%	–	9.0	–
£13⅛	800	Fuji Bank Y50	838	−18	Q17%	♦	0.4	♦
325	262	Gerrard & National	284	.....	19.0	–	8.9	–
154	113	Guinness Mahon 10p	114	+1	2.1	–	2.5	–
328	194	Hambros 20p	213	−4	11.5	–	7.2	–
128	91	Do. 7.5pc Cv Pf	95	.....	7½%	–	10.5	–
53½	34½	HK & Shang. HK$2.50	35½	.....	†Q38c	–	7.3	–
478	413	Joseph (Leo) £1	413	.....	15.85	–	5.1	–
150	121	King & Shaxson 20p	123	.....	10.25	–	11.1	–
422	320	Kleinwort Benson Grp.	324xd	−5	16.0	2.5	6.6	7.7
642	339	Kyowa Bank Y50	370	+1	Q14%	♦	0.8	♦
[illegible]								

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS — Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS — Contd

[illegible]

ENGINEERING

[illegible]

ENGINEERING — Contd

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.) — Contd

[illegible]

INDUSTRIALS (Miscel.) — Contd.

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

[illegible]

Commercial Vehicles

[illegible]

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MOTORS, AIRCRAFT TRADES — Contd

Components

1990 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
458	420	Abbey Panels	453	.....	3.5	10.8	1.0	12.0
225	163	Airflow Streamlines. y	163	.....	6.0	3.9	4.9	7.0
190	145	Bostrom 5p. y	175	.....	5.75	3.1	4.4	7.9
266	188	Dowty 50p. β	195	.....	9.0	2.1	6.2	9.4
239	132	FR Group. β	142	.....	6.37	3.2	6.0	6.8
135	55	Kwik-Fit Hldgs. 10p β	62	.....	2.4	1.7	5.2	15.6
174	121	Lucas Inds. α	129	+1	†6.25	3.0	6.5	5.9
44	18	Do. Warrants. β	19	+½	–	–	–	–

Garages and Distributors

1990 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
28	19	Alexanders 10p. y	22	−1	1.0	3.0	6.1	6.6
135	83	Appleyard 10p. β	83	.....	†7.8	2.4	12.9	3.8
110	69	Bletchley Motor 20p. y	69	.....	7.5	1.9	14.5	4.9
568	445	Caffyns 50p. β	440	.....	11.5	0.3	3.4	–
121	98	Central Motor Auctns. y	107xd	.....	†3.25	3.2	4.0	10.2
61	26	Cook (D.C.) Hldgs. y	33	.....	1.0	♦	4.2	♦
89	33	Cowie (T.) 5p. β	51	.....	4.2	1.5	11.0	7.1
95	65	Dagenham Motors 10p. y	66	.....	5.25	2.8	10.6	4.6
98	78	Davenport Vernon 10p. y	78	−2	3.5	3.6	6.0	5.4
29	16	Equity & Gen 5p.	20	.....	†1.5	1.7	10.0	(7.1)
247	163	Evans Halshaw. β	172	.....	11.25	2.4	8.9	6.1
113	85	Gates (F.G.). β	91	−2	2.75	1.9	4.0	17.1
161	94	Gowrings 10p. y	96	.....	5.63	1.3	7.8	10.8
167	118	Hartwell. β	154	.....	3.6	♦	3.1	♦
81	50	Jacks Wm. y	50	.....	2.0	1.0	5.3	25.1
118	56	Jessups. y	60	.....	7.0	2.5	15.6	3.4
297	220	Lex Service. β	230	.....	15.3	1.9	8.9	8.1
147	50	Lookers. y	54	+1	6.2	3.9	15.3	2.2
43	31	Malaya Group 10p. y	36	.....	2.0	♦	7.4	♦
133	88	Pendragon. y	110	.....	21.8	–	2.2	7.0
178	111	Perry Group. β	111	−1	9.0	2.1	11.1	5.7
133	86	Quicks Group 10p. y	86	.....	6.0	3.0	9.5	4.4
238	150	Sanderson Murray Elder. y	218	.....	–	–	–	(04.7)
26½	15	Trimoco 10p. β	16	.....	1.4	2.4	11.7	4.6
£222	£142½	Do 11½pc Ln '96.	£147½	.....	Q11.5	–	7.8	–
86	68	Vardy (Reg) 10p. y	74	.....	3.6	♦	6.5	♦

NEWSPAPERS, PUBLISHERS

1990 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
93	55	Adscene. y	95	.....	6.0	1.5	14.5	6.3
273	183	BPP Hldgs 10p. y	248	.....	†5.25	2.6	2.8	18.1
190	125	Barbour Index. y	160	.....	6.0	2.2	5.0	12.0
520	385	Black (A. & C.). y	510	.....	13.0	2.3	3.4	16.4
1020	680	Blenheim Exhibs 5p. y	715	.....	†13.0	4.3	2.4	12.3
375	250	Bristol Eve. Post. y	250	.....	11.5	1.8	6.1	12.1
£61	£39	Daily Mail 'A' 50p. y	£43½	.....	†100.0	4.1	3.1	8.5
257	192	EMAP. β	224	−3	6.5	2.7	3.9	12.6
383	323	Euromoney Pubs. 1p. y	348	+2	†16.0	1.6	6.3	13.2
•178	75	EW Fact 5p. y	128	.....	q3.5	2.4	3.6	16.1
195	156	Gardner D.C. y	161	.....	†4.3	2.0	3.6	14.1
230	185	Haynes Pub 20p. y	185	.....	†9.5	2.0	6.8	9.6
255	158	Home Counties. y	158	.....	8.0	3.5	6.8	5.6
491	208	Independent. y	208	−5	†064%	1.6	6.9	11.8
92	24	Intl. Bus. Comms. 10p. β	28	+3	4.5	3.0	21.4	1.7
173	143	Johnston Press 10p. y	148	.....	4.5	3.2	4.1	9.7
234	159	Maxwell Comms. Corp. α	162½	+½	15.0	0.9	12.3	(13.2)
131	113	Metal Bulletin 10p y	123xd	.....	†6.0	1.8	6.5	11.3
175	42	Musterlin 20p. y	42	.....	2.25	1.3	7.1	(13.3)
727	430	News Corp A$0.50.	473	−5	Q10c	♦	0.9	♦
338	246	News Int. Spec. Div. β	246	−5	4.36	–	2.4	–
806	643	Pearson. α	684	+5	†21.5	2.9	4.3	9.8
143	48	Plus Rsch. & Sys 10p y	48	.....	L3.5	2.5	9.7	4.6
315	260	Portsm'th & Sund. y	262	.....	7.9	3.8	4.0	8.8
152	102	Quarto Group. y	104	+2	4.88	3.3	6.3	5.5
475	372	Reed International. α	374	−7	14.0	2.3	5.0	11.1
97	74	Southnews 5p. y	79	.....	4.8	1.9	8.1	8.5
149	113	Sterling Pub. 5p. y	113	.....	6.0	1.9	7.1	9.0
60	30	Summer Intl. 20p. y	32	.....	1.0	1.6	4.2	(18.0)
68	46	Do. 7.5pc Cv Cm Rd Pf. y	52	.....	7.5	–	19.2	–
895	595	Thomson Corp‡.	605xd	+40	27.88	1.8	5.5	13.3
223	170	Trinity Int Hld 10p. y	189	−1	7.2	2.2	5.1	11.5
472	285	Utd. Newspapers. α	314	−2	21.0	1.7	8.9	8.6

PAPER, PRINTING, ADVERTISING

1990 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
159	116	API Group. y	116	.....	6.75	0.7	7.8	(26.3)
61	20	ATA Selection 5p. y	25	.....	2.5	1.7	13.3	5.7
27	10	ATP Comms. 5p. y	10	.....	–	–	–	♦
276	218	Abbott Mead Vickers 5p. y	221	.....	7.2	3.4	4.3	8.8
85	53	Acsis Group 10p. y	94	−1	†1.0	5.2	2.5	10.2
27½	15½	Addison Consult 5p.	16½	.....	0.6	–	4.8	–
280	215	Aegis Group 5p.	225	−3	25.25	–	9.1	–
103	88	Do. 9¾pc Gtd Rd Cv Pf y	93	.....	Q9¾%	–	10.5	–
422	210	Aspen Comms. 5p. y	216	.....	7.8	3.9	4.8	6.7

NOTES

Stock Exchange dealing classifications are indicated to the right of security names. α Alpha, β Beta, γ Gamma.

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially listed.
- ¶ Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- ♦ Not comparable
- ♦ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment. Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1990-91. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1990. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xi ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or −
Craig & Rose £1. y	880	.....
Finlay Pkg. 5p. y	51	.....
Holt (Jos) 25p. y	1305	−5
Carrol (P.J.). y	185	.....
Hall (R. & H.).	165	.....
Helton Hldgs. y	52xd	.....
IRG.	150	−45
United Drug.	143	.....

IRISH

Stock	Price	+ or −
Cap. 8½% Ln. 1991	£98	.....
9pc Cap Ln. 1996.	£91	.....
Fin. 13% 97/02.	£108½	.....
Arnotts.	180	.....

TRADITIONAL OPTIONS

3-month call rates

Industrials

Stock	p
Allied-Lyons	40
Amstrad	7
Astec (BSR)	6
BAT	45
BOC Grp	39
BTR	29
Barclays	27
Blue Circle	17
Boots	21
Bowaters	41
Brit Aerospace	43
British Steel	13
Brit. Telecom	22
Cadburys	26
Charter Cons	37
Comm Union	37
Courtaulds	25
Eurotunnel	55
FKI	5¾
FNFC	20
Gen Accident	46½
GEC	14
Glaxo	57
Grand Met	44
Guardian	15
GKN	27
Hanson	16
Hawker Sidd	39
ICI	70
Ladbroke	22
Legal & Gen	29½
Lex Service	28
Lloyds Bank	21
Lucas Inds	11
Marks & Spencer	18
Midland Bk	20
Nat West Bk	18
P & O Dfd	42
Polly Peck	40
Racal Elect	14
RHM	23
Rank Org Ord	49
Reed Intnl	30
STC	19½
Sears	8½
SmKl. Beecham A	44
TI	37
TSB	10
Tesco	19
Thorn EMI	49
Trust Houses	21
T&N	14
Unilever	50
Vickers	19
Wellcome	38

Property

Stock	p
Brit Land	24
Control Secs	4
Land Securities	42
MEPC	38
Mountleigh	11

Oils

Stock	p
Ariva Petlm	3½
Brit Petroleum	28
Burmah Castrol	44
Conroy Petlm	20
Gaelic Res	2
Premier	8½
Shell	40
Tuskar Res	6
Ultramar	31

Mines

Stock	p
Lonrho	21
RTZ	40

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FINANCIAL TIMES
Weekend September 8/September 9 1990

Tate plans bid for British Sugar

By Clare Pearson

TATE & LYLE, the sugar and related products group, said *yesterday it was rejoining the* bidding for British Sugar only two months after it withdrew plans for an offer for Berisford International, the beet refiner's troubled owner.

Tate's announcement that it had submitted a proposal to buy British Sugar came at the same time as a formal auction of the *business, the main prof*it-earning subsidiary of the commodities and property group, got underway.

J Henry Schroder Wagg, the merchant bank, yesterday began mailing an information memorandum on *British Sugar* to other interested companies around the world.

Schroders *was appointed to* handle the auction after debt-burdened Berisford said in July it was prepared to sell its assets off separately.

This came just days after Tate abandoned a long-mooted plan to buy the group in *its* entirety, including the New York property interests which brought *it* into financial difficulties.

Tate has long wished to merge its cane sugar refining interests with British Sugar, valued by City analysts at between £800m and £1.2bn.

Mr Paul Lewis, Tate's finance director, said Tate's current proposal did not mention a *price. It* was intended that the proposal should prompt the UK regulatory authorities to reconsider the implications of a merger.

The Monopolies and Mergers Commission, which blocked an earlier bid for *Berisford* by Tate in 1987, was looking into the implications of a merger *when Tate shelved its planned* offer in July.

Schroders said it had received inquiries about British Sugar but was sending the information memorandum, effectively a marketing document, only to those it deemed serious potential bidders.

Associated British Foods, the milling and baking group which three years ago was cleared by the UK authorities *to buy British Sugar, told the* Office of Fair Trading in July it was contemplating an offer for British Sugar and the other main food interests.

This was after Berisford put all its assets up for sale, having announced a loss of £144.5m after extraordinary provisions and write-offs mainly relating to *the New York* property venture.

Mr Cube goes for another spoonful of sugar, Page 8

Thatcher promotes controversial figure to Minister of State

Forsyth sacked as chairman of Scottish Tories

By James Buxton, Scottish Correspondent and ***Philip Stephens,*** *Political Editor*

Michael Forsyth: accused by some of an abrasive 'Thatcherite' approach to his former post

MRS MARGARET Thatcher yesterday sacked Mr Michael Forsyth as chairman of the Scottish Conservative Party, a post to which she appointed him only 14 months ago, *following* intense pressure from influential figures in the party.

In the latest of a series of bizarre manoeuvres within the Conservative Party in Scotland, the Prime Minister simultaneously promoted Mr Forsyth to Minister of State at the Scottish Office from his present *position of parliamentary* under-secretary and clearly indicated her continued esteem *for him.*

The sacking of Mr Forsyth, who is personally close to the Prime Minister but has been seriously at odds with Mr Malcolm Rifkind, the Scottish Secretary, was aimed at ending *divisions within the party* north of the border which many attribute to Mr Forsyth and his abrasive promotion of "Thatcherite" policies.

The view among Conservatives at Westminster last night, however, was that by trying to satisfy both camps within the Scottish party, Mrs Thatcher had left open the prospect of further rows. Mrs Thatcher appointed Mr Forsyth as chairman in June last year to revitalise the party organisation.

Although the Conservatives have adopted a more aggressive campaigning stance in Scotland, Mr Forsyth's tenure of the chairmanship has been marked by a series of resignations of senior party officials, some of *them his own recent* appointees.

His relations with Mr Rifkind are described by colleagues of both men as at best strained and Mr Forsyth's promotion within the Scottish Office is expected to provoke further tension. It is thought that Mr Rifkind had sought his *transfer to another department* within the Government.

Recently many senior party figures, themselves allies of Mr Rifkind, alarmed at the unrest in the party, have urged Mrs Thatcher to remove Mr Forsyth from the chairmanship.

Mrs Thatcher appointed Lord Sanderson of Bowden as *the new chairman of the Scot*tish Conservative Party. He has held senior posts in the Conservative Party north and south of the border, and was previously minister of state at the Scottish Office with responsibility for agriculture.

Lord Sanderson is replaced by Lord Strathclyde, formerly parliamentary undersecretary of state at the department of the environment. He is in turn replaced by Baroness Blatch.

Mr Forsyth will add the responsibility for education to that for health in Scotland, thus reverting to the posts he held before he became chairman but with higher ministerial status.

In her letter to Mr Forsyth, Mrs Thatcher said that they had agreed that it was necessary to have a full-time party chairman in the run-up to the general *election. She also* warmly reassured him that they would continue to be close colleagues. "I shall make a point of continuing to seek your advice and thoughts on future policy. This will be of particular significance in the run-up to the general election."

Yesterday Mr Nicholas Fairbairn, the Conservative MP for Perth and Kinross, said that Mr Forsyth was victim of a plot involving Mr Rifkind.

He claimed further that the sacking would open up a split *in the Tory party in Scotland.* "There is not the slightest doubt that the vast majority of the party will *welcome* the changes made today."

Strained departure ends a bizarre Scots episode, Page 4

N Sea dispute spreads to caterers

By Diane Summers

INDUSTRIAL action in the North Sea spread yesterday when catering workers on many oil rigs voted to strike.

This came as fresh plans were drawn up separately by maintenance workers for further wildcat action.

Unions representing the catering staff warned that the strike would bring production *in the Shetland Basin, the* northern sector of the North Sea, to a standstill "within hours" because there would be no meals for workers.

The vote follows backing by the Trades Union Congress in Blackpool on Thursday for maintenance workers.

They have been taking unofficial action in pursuit of union recognition, improved safety standards and the reinstatement of employees sacked during the course of the dispute.

The catering workers' action is not directly linked to the wider maintenance workers' dispute and is over the separate issue of pay differentials. However, it is likely that attempts will be made to co-ordinate the action to achieve maximum impact.

A register of union members who are offshore maintenance workers is to be drawn up in preparation for a legally-valid strike ballot.

All the North Sea industrial action over the past few weeks has been unofficial.

In Glasgow yesterday, maintenance workers were drawing up plans for the wildcat strikes ahead of balloting.

The Offshore Industry Liaison Committee, the unofficial grouping that has been co-ordinating the maintenance workers' action, said the catering workers' vote was a "tremendous boost" and gave a strong indication of the way future balloting would go.

This view was echoed by the TGWU general union and National Union of Seamen, *representing catering staff.*

Mr Fred Higgs, TGWU national secretary for the oil industry, said: "A strike by catering workers on the oil rigs would obviously be a crippling blow to the industry. It would bring operations in the North Sea to a standstill within hours."

He said that the vote to back the action, which was six to one in favour in an 80 per cent turnout of over 2,000 workers, demonstrated the level of discontent.

"I believe it is also a foretaste of the result of the forthcoming ballot among all offshore workers for strike action," Mr Higgs added.

The catering workers will be meeting in the next few days to decide what form the strike should take and to ensure that *action is co-ordinated* with balloting by the contract workers.

Meanwhile, the Catering Offshore Trade Association, the employers' organisation, said it would be meeting unions early next week and was convinced differences could be resolved "provided negotiators were sincere" when they claimed grievances were separate from the contract workers action.

North Sea project, Page 4; TUC at Blackpool, page 5

THE LEX COLUMN

A market gripped by indecision

There has been no let-up in the game of cat and mouse in the world's financial markets in *recent* weeks. Can the Fed afford not to ease? Has the UK really turned its back on early ERM entry? And – trickiest of all – what is going to happen in the Gulf? The sharp drop in turnover in equity markets reflects understandable indecision. Investors, especially in the UK market, could be made to look even more stupid by staying out of the market than by refusing to sell. Inevitably, the equity risk premium is rising. But if oil prices and interest rates were to fall, the investment outlook would look very *different.*

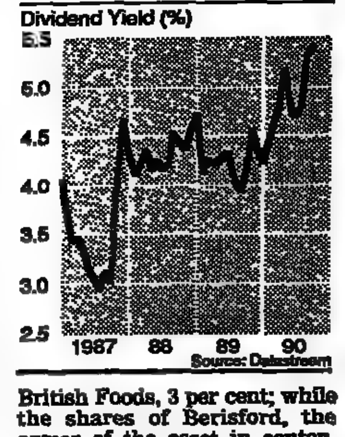
In the UK, the week's big event has been yesterday's official confirmation that the UK is not entering the ERM this weekend. Taken with the Bank of England's earlier interest rate signal, this sounds rather bearish. Perhaps the Gulf crisis has so complicated matters *that ERM entry really has* been delayed for several months. But Mr Major was choosing his words carefully. Given that next week's inflation figure will certainly be over 10 per cent and that oil prices are still rising, it sounds as if November is the earliest by which the inflation figures could be used *to justify the* Government's conditions for entry.

It is always possible that the markets are being too clever in reading the Government's intentions. But it does not take a cynic to recall that politicians have a way with words. Who is to say that the Government will not exploit the Gulf crisis like the Falklands conflict, call a snap general election and enter the ERM before *the economic pain gets unbearable?* This is a highly political market.

Clearly, the interim profit news out of the corporate sector is getting worse, even before the credit squeeze and a strong exchange rate have really begun to bite. On the other hand, a prospective yield of 6 per cent on the equity market is discounting a lot of trouble. And if the UK economy *has problems, the US is in deep* trouble. The authorities cannot fight inflation without inflicting damage on the economy. So far, this is something they have refused to do.

FT index fell 1.4 to 1,638.5

FT–A All–Share Index



British Sugar

Yesterday's announcement by Tate & Lyle *that it is bidding* for British Sugar seems to have pleased no one. Tate's share price fell 2 per cent and that of its rival, Associated British Foods, 3 per cent; while the shares of Berisford, the owner of the asset in contention, did nothing at all.

The logic is understandable. Tate's shareholders, already *somewhat* battered by the company's numerous changes of tack, will scarcely relish a deal on this heroic scale from a company which is already some 80 per cent geared and whose debt would approximately triple. AB Foods, on the other hand, has seen its shares bid up on the premise that, as a cash buyer in a falling market, *it stood to pick up British* Sugar for a song. Now, by contrast, it must choose between battling it out against Tate at auction or being left with a 23 per cent stake in a deeply unattractive Berisford, consisting of a lump of cash and a rag-bag of liabilities.

This assumes, of course, that Tate will be allowed to get away with it by the competition authorities. That is a matter *of delicate judgment.* When the Office of Fair Trading reopened the case in June, there was perhaps the faintest softening in its attitude to Tate being allowed a UK monopoly as the price of maintaining its cane refining capacity. In principle, despite yesterday's share price reaction, Tate could turn such a monopoly to very good commercial advantage indeed. But there is a price for everything; and the whole British Sugar soap opera has run for so long that the market will need to see the final bids on the table before making its mind up on winners and losers.

Saatchi

Saatchi & Saatchi's passing *of its preference dividend* is one more bump on the road downhill. The company presents it as a technical matter to do with covenants, special reserves and *so forth.* The reality is simpler. The payment would involve a total outlay of less than £10m. But the company must save every penny for the task which threatens to overwhelm it; the £212m repayment *of its convertible stock* in under three years' time.

At yesterday's 51p and a market value of £82m, the equity has dwindled to the point of irrelevance. The dominant fact is that the convertible, after yesterday's further fall to 49½p, is on a redemption yield of around 45 per cent. On this basis, the market has made up its mind that Saatchi is done for. That is not in itself a fair inference from yesterday's piece of cash-saving realism; there is as yet no suggestion that dividends on the convertible are under threat. But if recent trends in advertising revenue continue, *the market could be right purely on fundamental* grounds.

Golfing

Aspiring Nick Faldos might have looked wistfully at yesterday's prospectus for the £12.5m flotation of Mill Ride Golf Club in Berkshire. The average player queuing to tee off this weekend has little chance of *jumping to the front. Even if* he does have £25,125 going spare for a single ordinary share in an exclusive club, he will have to wait until April 1992 before hitting a ball in anger; and there will be another £950 to fork out for the annual subscription.

The creation of Mill Ride Golf Club plc is a marketing ploy for a clever form of property development. London Securities, which owns the estate, is witholding 100 shares with the aim of selling them to investors in adjacent residential projects. By the mid-1990s, the group may have raised more than £15m from a site bought in 1987 for £1.25m. Building a luxury championship course is not cheap at around £10m, but the appeal to big business is obvious; and flotation is a likelier route to profit than straight sale of the property.

Although the shares are marketable, they are unlikely to provide a real return for their owners. The UK is far from suffering the land hunger which drove membership prices to ridiculous levels in Japan. If investors stop ignor*ing the mass public market* where demand for space is strongest, such offers will eventually appear *opportunistic.*

CHIEF PRICE CHANGES YESTERDAY

FRANKFURT (Dm)				**PARIS (FFr)**			
Rises				**Rises**			
MAN	350	+	13	Damart	2570	+	65
Springer	680	+	15	Euralrance	1445	+	64
Falls				Euromarche	3220	+	91
Gerresheimer	285	–	8	**Falls**			
Karstadt	662	–	14	Coparex	675	–	55
Linde	770	–	20	GTM-Entrepose	1341	–	79
Lahmeyer	1080	–	18	Industrielle	4810	–	190
NEW YORK ($)				**TOKYO (Yen)**			
Rises				**Rises**			
Exxon	50⅝	+	⅜	Cesar	5800	+	490
Gen. Electric	60¼	+	¼	Daito Gyorui	1320	+	120
IBM	104⅜	+	2	Daiwabo	866	+	116
Mobil	66⅞	+	½	Yamazen	1210	+	100
Motorola	62¼	+	¾	**Falls**			
Falls				Showa Mfg.	710	–	79
Goodyear	21½	–	¾	Tokyo Cosmos	804	–	66
New York prices as at 12.30pm.							
LONDON (Pence)							
Rises				Butler Cox	102	–	76
Baldwin	62	+	8	Clayton Son	185	–	13
Betacom	21	+	6	Costain	188	–	8
Davies&Newman	345	+	45	*Crosby (J)*	61	–	5
Gen Accident	450	+	13	Erskine House	73	–	7
Glaxo	745	+	19	Gestetner	191	–	11
Power Corp	123	+	8	Hammerson A	561	–	21
Prov Financial	385	+	15	Kingfisher	307	–	11
Reckitt&Colman	1194	+	35	Northamber	90	–	6
Speyhawk	118	+	9	P & O Defd	491	–	21
Wellcome	466	+	17	Regal Hotel	75	–	9
Falls				Saatchi&S'tchi	51	–	12
Assoc Br Foods	404	–	14				

WORLDWIDE WEATHER

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	26	79	Dallas †	S	24	75	Madeira	C	25	77	Prague	C	16	61
Algiers	F	33	91	Dublin	C	14	57	Madrid	S	29	84	Reykjavik	C	8	46
Amsterdam	F	*15*	*59*	*Dubrovnik*	S	24	75	Majorca	C	*28*	*82*	*Rhodes*	S	*27*	*81*
Athens	F	29	84	Edinburgh	C	15	59	Malaga	S	32	90	Rio de Janeiro		–	–
Bahrain	S	34	93	Faro	S	25	77	Malta	C	30	86	Rome	F	26	79
Barcelona	T	20	68	Florence	F	27	81	Manchester	F	16	61	Salzburg	R	13	55
Belfast	C	13	55	Frankfurt	R	13	55	Melbourne	F	13	55	S'Francisco †	S	14	57
Belgrade	S	23	73	Geneva	C	14	57	Mexico City		–	–	Santiago		–	–
Berlin	F	16	61	Gibraltar	S	27	81	Miami †	R	23	73	Seoul	S	30	86
Biarritz	C	20	68	Glasgow	S	16	61	Milan	F	23	73	Singapore	F	31	88
Birmingham	F	17	63	Guernsey	F	16	61	Montreal †	C	19	66	Stockholm	F	12	54
Blackpool	F	15	59	Helsinki	C	13	55	Moscow	C	15	59	Strasbourg	C	15	59
Bombay	F	29	84	Hong Kong	F	34	93	Munich	R	11	52	Sydney	F	17	63
Bordeaux	F	20	68	Innsbruck	R	12	54	Nairobi	F	26	79	Tangier	F	26	79
Boulogne	C	16	61	Inverness	F	14	57	Naples	F	26	79	Tel Aviv	F	28	82
Bristol	F	17	63	Isle of Man	S	15	59	Nassau		–	–	Tenerife	S	27	81
Brussels	R	13	55	Istanbul	F	25	77	Newcastle	R	13	55	Tokyo	R	21	70
Buenos Aires		–	–	Jersey	S	16	61	New Delhi	T	25	77	Toronto †	F	19	66
Budapest	S	*22*	*72*	Johannesburg	F	23	73	*New York †*	C	24	75	Tunis	S	30	86
Cairo	S	31	88	Las Palmas	S	27	81	Nice	S	25	77	Valencia	F	27	81
Cape Town	C	16	61	Leeds	C	17	63	Nicosia	S	28	82	Venice	F	24	75
Cardiff	F	18	64	Lisbon	S	25	77	Oporto	S	19	66	Vienna	R	15	59
Chicago †	F	22	72	Locarno	C	20	68	Oslo	C	15	59	Warsaw	C	16	61
Cologne	C	13	55	London	F	17	63	Paris	C	17	63	Washington		–	–
Copenhagen	F	16	61	Los Angeles †	S	20	68	Peking	C	27	81	Wellington	S	11	52
Corfu	S	28	82	Luxembourg	F	10	50	Perth	C	17	63	Zurich	R	11	52

C–Cloudy. Dr–Drizzle. F–Fair. Fg–Fog. H–Hail. R–Rain. S–Sunny. Sl–Sleet. Sn–Snow. T–Thunder.
† Noon GMT temperatures

Major

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to determine the date.

Mr Major said that it was still a condition of entry that Britain's inflation rate should be "proximate" to that of its European partners, although that was "more or less" the only condition to be fulfilled. He said he would not be drawn on whether Britain would enter *the ERM* when the *UK* inflation rate was rising or falling.

He made clear that his own judgment would play an important part in determining the timing of entry. "As soon as I think it is safe for us to go in, I will make that recommendation to my colleagues," Mr *Major said.*

The Chancellor said the other EMS countries were keen for sterling to enter the system. It was "inconceivable" that they would object once Britain said it wished to join, he said. He also made clear that entry into the ERM would take place immediately after the decision *was announced.*

While Mr Major's comments on ERM entry left many questions open, he was more specific about the need to keep UK interest rates high for the time being.

"I am not going *to cut interest* rates until I am sure it is safe to do so," he said. The Government had to maintain a firm policy to meet its objective of getting inflation down and keeping it down. Britain was *not heading for recession,* he said. There were some unambiguous signals that the economy was beginning to slow down, but such a slowdown was "absolutely necessary," he said.

The *Chancellor suggested* that the recent oil price rise provided another reason for delaying a cut in rates. Other countries might tighten their monetary policies to combat the inflationary pressures from the rise. "While we wait and see precisely what they do, I think it would be unwise for us to start to loosen policy, and I don't propose to do so," he said.

US warns EC on Airbus subsidies

By Nancy Dunne *in Washington*

THE US Administration yesterday revived its threat to take the European Community to the General Agreement on Tariffs and Trade if the trans*atlantic dispute over Airbus* subsidies is not resolved by September 30.

An earlier US threat to complain to Gatt in July was withdrawn after the two sides appeared to be heading for agreement.

However, yesterday's statement by Mr Michael Farren, *the US Commerce Under-Secretary* for International Trade, follows a series of hardline statements this week by French and German Airbus officials alarmed that the weak dollar is undermining Airbus commercial prospects.

Mr Farren warned that a Gatt case would "put a boulder in the road" of the current negotiations on subsidies within the Uruguay Round of multilateral trade negotiations.

Any US complaint would centre on the German exchange rate guarantee scheme *aimed at protecting* Daimler-Benz against losses resulting from exchange rate fluctuations.

Germany regards this as outside the scope of the present negotiations on amendments to *the Gatt code on civil aircraft.*

Mr Farren yesterday released a study by the independent consultants, Gellman Research Associates, of Pennsylvania, which concluded that none of the Airbus programmes – past, present or future – appears commercially *viable.*

The report predicted that annual Airbus cash flows would begin improving in 1996, but that by the year 2008, Airbus Industrie would still have a cumulative negative nominal cash flow of about $30bn in 1990 dollars. Only the A330/340 programme would provide revenues that exceeded costs, "but not by an amount sufficient to earn a market rate of return."

Airbus member companies have received or are committed to receiving over $13bn in direct government support, the study said. If commercial interest rates were applied, the value of this support would *amount to $25bn.*

Mr Farren said that if the EC saw the Airbus venture as a success, he feared similar Community endeavours, backed by government subsidies, would develop to threaten other high *technology US industries.*

US and EC negotiators are expected to hold talks next week. The US was reportedly encouraged by an EC proposal to limit support for airliner developments to between 40-50 *per cent. However, the US,* which has been seeking a limit of 25 per cent, rejected the proposed cap.

Summit

Continued from Page 1

will also stress the need to show movement *on other Middle East issues* – such as the plight of the Palestinians on the occupied West Bank – while rejecting any direct linkage to the invasion of Kuwait.

The US president may well be more responsive to such Soviet suggestions, including the long-standing proposal for a *Middle East* peace conference. But Mr Bush could well remain oblique about US military intentions in the Gulf. "The President does not have to tip his hand right now," said Senator Richard Lugar, a senior Republican on the Foreign Relations committee.

Weekend FT

SECTION II

Weekend September 8/September 9 1990

Desert trial for the laws of war

Christian Tyler** explains why the shadow of Nuremberg hangs over the conflict in the Gulf. Drawing by **Chris Priestley

IT MAY be a distraction from the central issue of Kuwait's stolen sovereignty, but there can be little doubt that the fate of the hostages illegally held by Iraq has come to dominate western perceptions of the Gulf crisis.

President Saddam Hussein's manipulation of his foreign "guests" in blatant disregard of one of the Geneva Conventions has overshadowed his equally illegal treatment of occupied Kuwait and its citizens. The fact that he has been prepared to let go some women and children has served only to reveal the real status of the men kept behind: his seeming act of humanity leaves the Iraqi president as far outside the law as before.

But what is this law? And what point can there be in invoking it – as it has been continually invoked during this conflict – except to score propaganda points?

The laws of war constitute a great and indigestible paradox. The idea that war, the ultimate failure of civilisation, should itself be governed by treaties between civilised societies is difficult (and for idealists impossible) to swallow. Yet they do exist – have existed for centuries - and they do work. The British Prime Minister's threat to put Iraqis in the dock is not an idle one; the European Community's warnings to Baghdad were not just procedural; and US Army lawyers were not merely finding things to do when they decided, at the start of the conflict, to compile a dossier of offences which might be laid at the door of named Iraqis including Saddam Hussein himself.

Laws of war were recognised long before the familiar Geneva Conventions of 1949 or the Hague Conventions of 1907. Nor are they a European invention. Historians have identified unwritten principles, now known as customary law, in regions as diverse as ancient India and tribal Africa. The ancient Greeks and Romans recognised limitations on the conduct of war (although hostage-taking seems not to have been included). When Herodotus and Thucydides recorded the destruction of a city-state's olive trees or the murder of Persian envoys they demonstrated the existence, not the absence, of rules. And so it has been throughout history.

The fundamental principle of the laws of war – that the use of indiscriminate and all-out force is wrong – has roots in the Arab world as well. The desert tribes of the Arabian peninsula would not, for example, pursue a defeated enemy. So when the bedouin chieftain Abdul-Aziz Ibn Saud, the founder of modern Saudi Arabia, used his fleet of Chevrolets to harry other tribesmen, his action was regarded with horror.

The Prophet himself codified these secular Arab traditions when he instructed his armies not to touch non-combatants. Priests, women and children were sacrosanct, but even armed civilians were protected. Enemy wounded were not to be killed, prisoners were to be exchanged or ransomed, not sold into slavery, and the destruction of economic assets such as orchards was forbidden. All these principles are written into Islamic law, the Shari'a.

So too is a prohibition against hostage-taking, especially of envoys, according to Dr Zaki Baddawi, chairman of the council of imams and mosques in Britain. However, Dr Baddawi concedes that some Muslim theologians might argue that the stricture does not apply when a country is defending itself in an unequal struggle, the view that Iraq's president seems to have taken of his country's position.

Iraq is a secular state and its Ba'athist regime is more akin to of European (or Russian) state socialism than to any Muslim theocracy. Either way, president Saddam can plead no exception: Iraq is historically, culturally and legally bound to the Geneva Conventions to which it acceded in 1956.

Those four conventions, the most substantial but by no means the most recent codifications, are the result of a process that began in the late 17th century in Europe with the emergence of professional armies. Prohibitions against pillage, murder and rape were issued by commanders, not so much out of humanitarian sentiment, but to enforce military discipline. In other words, says Louise Doswald-Beck, a lawyer with the Red Cross in Geneva, the laws of war are themselves a military invention. States began to make bilateral treaties, incorporating the moral values of medieval theologians (the "just war") and the ideas of an early international lawyer, the Dutch theologian Huigh de Groot who published his *De jure belli ac pacis* in 1625.

The two landmarks of modern times came in the same year. In 1863 a manual written by Dr Francis Lieber of Columbia University was issued to the Unionist army in the American civil war (the Lieber Code), setting an example that many other countries were to follow. Then Henry Dunant, a Swiss businessman, appalled by what he had seen at the battle of Solferino in 1859, set up a committee to found what became the Red Cross and persuaded the Swiss government to arrange a conference on the treatment of wounded soldiers - the first Geneva convention.

As the prime mover and developer of humanitarian legislation, the Red Cross is today formally recognised as a neutral intermediary and supervisor. This is the role of the International Committee of the Red Cross, a private Swiss organisation in which only Swiss may be employed. Its symbol, the Swiss flag in reverse colours, becomes a Red Crescent in some Muslim countries, and the Red Shield of David in Israel. However, the workers who tend to the wounded in war time are not part of the IRRC. They belong to the national Red Cross societies of peacetime medical workers. Both groups belong to the umbrella organisation the League of Red Cross and Red Crescent Societies, an international body also based in Geneva, whose job is to co-ordinate relief for the victims of natural disasters.

The laws of war which the Red Cross helped to draft have a threefold purpose: to regulate the conduct of armed conflict (whether or not there has been a formal declaration of war), to control the types of weapons used, and to protect prisoners, shipwrecked sailors, the ill and wounded and other victims of war. Early codes, like the St. Petersburg declaration of 1868 renouncing the use of exploding bullets, were mainly concerned with the combat itself. It was not until this century that the protection of civilians became an important concern. The 1907 Hague Conventions covered treatment of prisoners of war and the obligations of occupying armies. But only after the First World War was the ever-growing vulnerability of civilians recognised in the Hague rules of aerial warfare. And it was not until after World War Two that the terrible lessons learned at the war crimes tribunals in Nuremberg and Tokyo were translated into the 159 Articles of Geneva Convention IV. The most recent code, the 1981 UN Convention, ratified by 29 countries so far, is once more concerned with weaponry: mines, booby traps and incendiary weapons and fragments too small to show on an X-ray.

Whether Saddam Hussein ends up in the dock of a Nuremberg-style tribunal depends not only on whether he himself survives but on the outcome of the crisis. War crimes are not usually followed up unless the loser's regime collapses or suffers total military defeat. The crimes of juniors may be dealt with at the time: the American lieutenant William Calley was convicted of the My Lai massacre of peasants in Vietnam, and rampaging Iraqi soldiers may already have been court-martialled by their own commanders. More usually, the most egregious horrors of a conflict – like the use of gas in the First World War or the Americans' use of defoliants in Vietnam – become the subject of a subsequent convention.

But if circumstances do permit the prosecution of the Iraqi president and members of his government and Army for breaches of the Geneva Convention (let alone prosecution for "crimes against peace") the charge sheet could be long.

"The taking of hostages is prohibited" is the full text of Article 34 of the convention covering civilians. Saddam has made references to internment, also dealt with by the convention. But western lawyers reject this as a pretext. Almost as brief is Article 28, which forbids the use of protected persons as human shields. Article 49 forbids the deportation of protected people. The question of who is protected in the present conflict is less easy to answer. Lawyers would argue that all foreign nationals who were in Kuwait on August 2 are protected (unless acting as spies or saboteurs) even if they were subsequently moved to Baghdad. Foreigners who were in Iraq at the time are not protected so long as their countries' embassies can continue to function normally. The diplomats themselves are additionally covered by the Vienna Convention on Diplomatic Relations of 1961, likewise based on ancient unwritten laws which seem to have given even Saddam pause.

Iraq's treatment of Kuwait and Kuwaitis, if reports are correct, could provide a second formidable slate of charges. It is another paradox of the laws of war that a country cannot annex another until a post-war settlement has permitted it. All military occupations must be regarded as provisional. Without that proviso, peace treaties would be almost impossible. Iraq's claim to Kuwait, even if it had historical weight, has no legal validity, according to Christopher Greenwood, lecturer in international law at Cambridge University. Therefore any attempt to impose the Iraqi system on the occupied emirate is also illegal: it was for this type of crime that the German governor of Poland during World War Two was sentenced to death.

Among the "grave breaches" recorded in Article 147 of the convention are wilful killing, unlawful deportation or confinement and unjustified destruction and appropriation of private or state property. In addition, the Iraqis appear to have flouted the specific prohibition against moving their own civilians into the occupied territory. This is a clause with which Iraq is especially familiar: its voice has been among the loudest in condemnation of Israel's colonisation of the occupied West Bank and Gaza Strip.

If the Gulf crisis explodes into a full military engagement, lawyers will be reaching for the short 1925 Geneva Protocol prohibiting gas and bacteriological warfare, one of the most contentious in the annals. Adam Roberts, professor of international relations at Oxford University and co-editor of the definitive *Documents on the Laws of War*, says differences of interpretation are so great that this convention is best regarded as a no-first-use agreement. In other words, such weapons (used by Italy in Ethiopia, Japan in China, by Iraq against Iran and probably against its own Kurdish minority) should be seen as deterrent only. In this sense they are like nuclear weapons, which, because they pose a challenge so fundamental to the whole concept of minimum force and minimum suffering are not mentioned in the laws of war at all.

The weakness of the laws of war is that they try to lay down absolute rules in situations where tactical considerations are uppermost. Roberts describes them as firm rules for the treatment of non-combatants but more like sets of criteria for combat itself.

History shows that the laws are respected, even in the midst of monstrous crimes like genocide. While the Nazis were exterminating millions of Jews, they were generally according good treatment to British and American prisoners of war – treatment far better than enjoyed by Soviet prisoners, whose country had not signed the relevant convention and for whom the Red Cross could therefore do nothing.

The Gulf crisis has already demonstrated the influence of this body of international law: in the way it has been used by the US and its allies to isolate and threaten Saddam, to maintain the tactical momentum against him and to provide a stronger focus for public opinion than the rape of Kuwait might otherwise command.

However this crisis is resolved, the shadow of Nuremberg has been cast across the desert.

Industry comes under heavy crossfire

The Long View

BARRY RILEY

The Bank of England's warning of more 15 per cent misery is a reminder that British economic policies have a persistently anti-industrial flavour

WE KNOW that the Bank of England wants sterling high, but what does the Department of Trade and Industry think? Does it even have an opinion on the matter?

This weekend or next, or some weekend very soon, the UK may enter the exchange rate mechanism of the European Monetary System at a higher level than anybody would have guessed until a few months ago. This comes after an extraordinary period for monetary policy in which short-term sterling interest rates have been held at 15 per cent for 11 months.

Sometimes short-term events can vividly illustrate why long-term trends persist. In a quite dramatic way we are now seeing the reassertion of the anti-industrial policies of successive British governments.

It is true that just occasionally the Conservative administration showed glimpses of supply side enthusiasms during the 1980s, and indeed Nigel Lawson attempted to hold sterling down during late 1987 and early 1988. But Lawson proved quite unable to handle the inflationary implications of that strategy, and his successor John Major, after wavering early on, has now chosen the traditional British option, the squeeze on industry.

This means that the brief surge in industrial investment in the late 1980s is going to be sharply reversed this year and next, at a time when manufacturing industry should be gearing up for the single market. The extra capacity will be sorely missed, because visible exports currently pay for only about 85 per cent of imports.

The company results reported are starting to change from the disappointing to the sometimes alarming. Trouble is spreading from the fringe of over-geared financial and property companies to the mainstream of industry. But the voice of industry is not being clearly heard.

This is partly because listed companies are under pressure to put a brave face on things; it is only a short year or so, after all, since companies were still under threat from opportunistic predators. For a limited period after the bad times arrive reserves can be drawn down and the profits massaged so that they look respectable. But if business conditions stay difficult the game must soon be up. The trick is to hold out until other companies are publicly in trouble too. Then it becomes respectable to make provisions, close factories and sack employees. But in the meanwhile a bubble of false optimism obscures the onset of recession and encourages the politicians to ignore the warning signs.

The company sector passed its statistical peak of prosperity some two years ago. The share of profits in national income has fallen from 16 to 14 per cent in favour of a rise in income from employment, while the company sector has recently been in financial deficit by £25bn at an annual rate, after being roughly in balance as recently as 1987.

There is scant sympathy in Whitehall. Ministers see industrialists as aggravating the Government's inflationary problems by granting 10 per cent-plus pay increases.

Nigel Lawson may have bent an ear to industry's needs in 1987, just after an election, but now another polling date looms, possibly in a year's time if the Government can somehow manage to open the window – and industry has no votes.

Indeed, an anti-industrial bias is rooted deep in the British culture. It goes back to the theoretical orientation of our education, to the much higher status of professional occupations and to the ingrained attitudes of our Civil Service and politicians.

There have been only three Chancellors of the Exchequer at the Treasury since Margaret Thatcher came to power, but 10 Secretaries of State in 11 years have passed through the revolving door at the DTI. That gives an idea of the relative political status of the posts. Now industry is further threatened by the resurgence of the Bank of England, which fancies itself as a Bundesbank clone in a monetarily transformed Europe but realises that in order to win central banking brownie points it must start taking inflation seriously.

So it has been prominently promoting a stronger sterling strategy this year, and this week it warned that interest rates will be stuck at 15 per cent for a while longer; for industry, it is just hard luck that the pound is firm at the wrong moment.

Priority number one is always the cushioning of the consumer. Last year the Government failed to attack excessive consumer spending in a direct way through taxes, and instead stuck to the indirect pressure of high interest rates. This took a very long time to work (indeed, the volume of retail sales in July was still 2.5 per cent higher than a year ago) but dear money has had a much more severe impact on the corporate sector.

Then there is the Englishman's castle. No proper solution to the UK's chronic monetary instability can be devised until the cosseting of the housing market is ended. Undoubtedly the creation of excess value in houses has been a great vote-winner for the Conservatives in the past decade.

Yet the structural encouragement of mortgage credit means that any substantial fall in interest rates will now lead to a renewed ballooning of lending and spending. Disincentives – at the very least, the removal of tax advantages – must be introduced to the mortgage market. The traditional policies are in any case clearly now resulting in disaster, with what were being described by both Wimpey and McAlpine this week as the worst conditions in the new homes market that builders could remember. But there seems no chance that serious reforms will get into any election manifesto in 1991 or 1992.

For industry at large, too, tough times loom. There is not, however, much point in crying all the way to the bank.

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FINANCE & THE FAMILY: THIS WEEK

First there was Sid now there's Frank

Clare Pearson looks forward to the start of the electricity privatisation campaign. **Philip Coggan** asks whether you should repay part of your mortgage. **Page IV**

Young couples and money pressure

Financial worries are one of the greatest strains on a marriage, **Philip Coggan** describes the options. **Page VI**

Minding Your Own Business

Martin Regan talks to model-makers rebuilding a business from the ashes *and* **Roy Hodson** meets a man who closed his company and turned to his hobby for profit. **Page VI**

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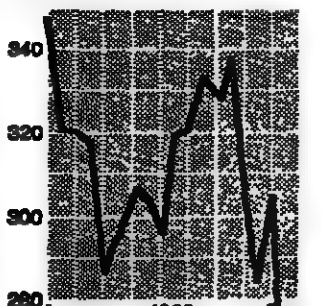
Sun Alliance

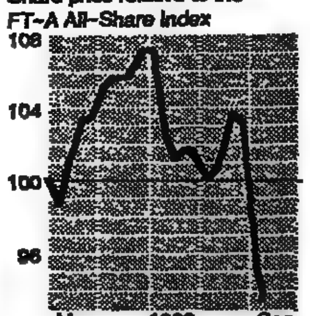
Share price (pence)



Source : Datastream

Thorn EMI

Share price relative to the FT-A All-Share index



Source : Datastream

Sun Alliance figures suffer storm damage

A grim interim report season for the UK's composite insurance companies was brought to a close this week when Sun Alliance — the biggest of the five composites — announced a pre-tax loss of £119.4m. During the same period last year the group made pre-tax profits of £191.4m. The figures saw Sun shares drop to their lowest this year. Profits were demolished by the storms that swept the UK and Europe in January and February — which cost Sun Alliance £226m — *and the impact of claims for subsidence.* There was some solace for shareholders in the 11 per cent *increase in the interim dividend but this too caused dismay* among some analysts who had been looking for an *increase of as much as 17 per cent.* *Stephen Thompson*

Thorn EMI under pressure

The Thorn EMI share price, a strong performer relative to the market for much of the year, buckled this week, losing *9.4 per cent of its value after the leisure to electronics* group said the proposed sale of its lighting business to GTE, the US *group, had fallen through. The mid-year* strength of Thorn shares resulted from market expectations that the group would be able to sell the lighting business for a figure of between £300m to £350m, thereby sharply reducing its debt. Gearing is now expected to rise to between 50 and 60 per cent by the year-end. Specialists have been cutting their interim and full year forecasts for Thorn. For the half year, the group is now expected to achieve pre-tax profits of around £95m, compared with £108.1m in the same period last year. For the full year most estimates now range from £320m to £330m.
Stephen Thompson

Offshore investment sinks

Ever been *tempted* by the promise of a guaranteed high income from an off-shore investment? Over 100 investors in Northern Ireland put up an *estimated* £3m on such a promise, and are now wondering whether they will see any *of their money again.*
The promises were made by the firm of Edward J McCann *Brokers of Portadown, and* by Edward McCann and *Imelda* McCann. All three were the subject of an injunction taken *out by the Securities Investment Board last week. The SIB,* which also gained a compulsory winding up order against the firm, has so far found no trace of the money.
Meanwhile, Croesus Consultancy, an investment adviser in London EC2 authorised by the Investment Management Regulatory Organisation, has been ordered to cease trading after failing to respond to any correspondence from the regulatory body. *Richard Waters*

Talks to save trust ombudsman

Talks are underway behind the scenes to try to keep the unit trust ombudsman afloat. The sad fact is that this *independent complaints scheme has too few members* (around 60 sellers of unit trusts belong, more than 100 don't) *and has received far too few complaints from unit* trust investors.
Should investors care if the scheme vanishes? There are plenty of other people to complain to. Anything to do with the administration of unit trusts can be referred to Imro, which has its own referee. Marketing complaints are handled by Lautro, which subscribes to the Insurance Ombudsman's scheme. The unit trust ombudsman has no gap to fill, but was intended to simplify things for investors, who might otherwise find themselves floundering among a morass of complaints procedures. Present indications suggest that is just where they are going to end up. *Richard Waters*

LONDON

Words of caution fail to thaw market chill

IT HAD to happen. Bored by Gulf uncertainties, the fickle market yesterday turned for guidance to that master exponent of Treasury uncertainties, John Major.

Suddenly, there was the Chancellor addressing a bewildered nation via the wireless — gritty, determined, decisive. Britain, he intoned, would "certainly not" join the exchange rate mechanism . . . this weekend.

Face up to it, we had almost forgotten what ERM stood for. As for the hard Ecu, is that an *Iraqi weapon or part of the US* task force's rations?

But at the sound of Mr Major's bulldog tones, memories of the golden pre-war days came flooding back, when the omission of a semi-colon in a Treasury statement moved markets and British sheep could walk the streets of Paris in safety.

Major's comments have clarified some important points for the currency and equity markets. An inflation rate in tune with the UK's European neighbours is still the crucial precondition for ERM entry, and *the year-on-year increase in* August's retail price index, due next Friday, will surpass 10 per cent.

But if the Chancellor intended to calm a maelstrom of ERM speculation in the equity market, then he was badly briefed. There has been no maelstrom this week. Most equity traders have been frozen *rather than frenzied, with* plenty of news to excite market activity, but nobody wanting to sell.

Uncertainty, rather than Apathy, is still the great god governing equities. Trading volume on Monday was the lowest since Christmas 1988, not helped by the absence of a lead from Wall Street, which was closed for Labour Day.

In the aftermath of recent falls in share prices, investors' pockets are stuffed with cash, but various factors are stifling both the desire to buy shares (fears of war in the Gulf), and *sell them (hopes of ERM* entry).

Unfortunately, a shortage of customers is no guarantee of market stability. Prices have been marked down to encourage custom, without much success, so that in Tuesday's thin trading the FT-SE 100 Index fell nearly 19 points, and a further 30 points two days later. *Footsie ended the week at 39.9* points down at 2,122.9.

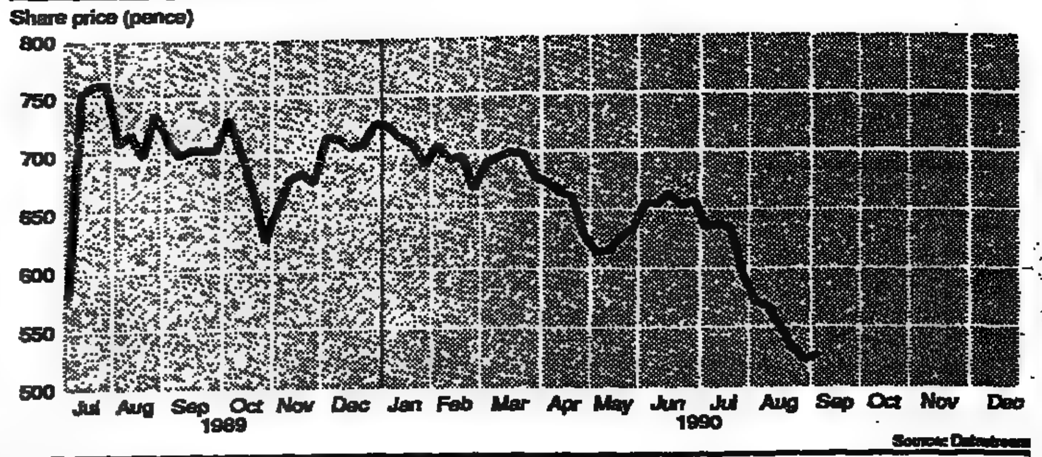
We are also at the height of the corporate results season, and the news is very poor. Of about 90 groups reporting this week, nearly 40 unveiled lower profits or deepening losses, including some Footsie companies. It is not over yet: more than 100 companies will tell investors the worst next week.

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1990 High	1990 Low	
FT-SE 100 Index	2122.9	-39.9	2463.7	2075.0	Increased Gulf tension
Barratt Developments	136	-18	216	135	Prelims Sept 19 / fears over dividend
Brent Walker	142	-46	378	140	Fears over prop operations/figs due
Cald Group	65	-87	234	62	12-months' profits shock market
Cookson	106	-21	306	106	Poor interim figs/funding fears
Costain	188	-36	318	188	Interims Sept 13 / weak builders
Isotron	167	+22	203	135	Good first-half results
Kynoch (G&G)	55	-78	220	55	Dividend passed / rights issue
P & O Defd	491	-56	667	489	Nervousness ahead of Tuesday's figs
Shell Transport	494	+22	516	424	Gulf situation lifts oil prices
Sun Alliance	278	-27	350	275	Records £119m loss in first half
THORN EMI	596	-59	824	593	Sale of lighting div falls through
Ultramar	377	+22	386	314	Indonesian LNG assets revealed
Williams Hldgs	213	-24	296	206	Downgraded after interim results
Wimpey (Geo)	173	-33	267	168	Half-year profits slump 72 per cent

BAT Industries

Share price (pence)



Source: Datastream

Bland statements of caution about the outlook are now common but for some reason they still make the market jump. Bowater, the print, packaging, coating and laminates group, seemed somewhat unlucky on Tuesday. Having announced a 19 per cent increase in profits, Norman Ireland, the chairman, had to watch the group's shares drop because of his predictable comments about the possible effect on trading of the weakening British economy and worsening Gulf crisis.

Wednesday was perhaps the blackest day for company profit statements. Seven of *Britain's largest groups, from* Williams Holdings and Sun Alliance to a trio of housebuilders (Wimpey, Blue Circle and Amec), reported worsening results. The market, in its perverse way, ended the day higher.

BAT Industries, the largest company reporting this week, revealed that pre-tax profits had slipped 11 per cent to £592m in the first half of the year and earnings dropped 20 per cent to 20.46p per share. The

Eagle Star followed the weary path already trodden by competitors, including its largest rival, Sun Alliance, which lost £119m in the first half of the year due to the unfortunate combination of storms and drought subsidence. As the saying goes, "It never rains, but it pours — and then later it dries out and cracks up completely."

In fact, analysts thought the BAT figures were better than expected and the conglomerate's shares rose 15p over the week to 538p. But BAT's share price performance since the beginning of July last year has still been a barometer of the takeover drought — another reason why stock market activity seems to have dried up.

Was it really only last summer when all the talk was of mega-bids and "unbundling"? Since Sir James Goldsmith and Co withdrew their potential £13bn offer for BAT in March, there has been little to excite bid-watchers.

Even preliminary discussions are proving difficult to sustain. Last week the property company Speyhawk stopped talking to its Swedish counterpart Nordstjernan; this week, Thorn EMI announced that the long-heralded sale of its lighting division to GTE of the US had fallen through. Thorn's share price performance dimmed appreciably as a result: the stock has fallen by nearly 10 per cent since Monday's *announcement — from* 657p to 598p at yesterday's close.

As a coda to a depressing week, Saatchi & Saatchi, the advertising group, revealed yesterday that its distributable reserves would not stretch to paying a dividend to some of its preference shareholders, and confirmed that ordinary shareholders would also miss out. *Saatchi called it a* "technical situation" but the group's shares, once the *stars of their* sector, dropped 12p to 51p on the news.

Corporate UK does have some slightly tastier ingredients, notably food and home products groups. They were among the only companies this week to demonstrate some resilience to the downturn. Reckitt & Colman, Hillsdown Holdings and Booker all showed fine growth in the first half, *attributing their buoyancy* to the geographic and *operational spread of their* businesses.

Polly Peck International, the food and consumer electronics group, also managed a 72 per cent increase in interim profits to £111m before tax, assisted by the Del Monte tropical fruit business bought last year.

However, it will take more than fine results to restore the credibility of Asil Nadir, the group's chairman and chief executive: *he is still smarting* from criticism of his *short-lived plan to take the* company private, announced and abandoned last month within the space of a week.

Mr Major should take note if he intends to stick the Treasury oar into unsettled City waters again. It would only take one or two ill-judged comments on ERM entry to upset an edgy stock market.

Andrew Hill

WALL STREET

Weariness at Japan's spree

IS NOTHING sacred? Japanese *investors this week acquired* yet another symbol of the American way of life — the Pebble Beach golf course on California's Monterey Peninsula which is to be the site of the 1992 US Open.

A Japanese company is paying some $1bn for Pebble Beach, three other courses on the 5,300-acre property, two hotels and the area's best-known landmark, a cypress tree standing alone on a point of land.

The deal may stir afresh the xenophobia which has been *bubbling as Japanese* investors have made deeper inroads *into the US to pick up high* profile trophies such as Manhattan's *Rockefeller Centre* and Columbia Pictures.

The process seems set to continue: The Industrial Bank of Japan, one of the world's most powerful financial institutions, announced this week that it was setting up a New York boutique to specialise in takeover deals, and a lot of them will presumably be Japanese bids for US companies.

But perhaps the greatest *Japanese blow to the industrial* psyche is the way they *keep gobbling up market share* in the motor sector, that symbol par excellence of American manufacturing. Figures this week showed that in August Japanese manufacturers took a record 34 per cent of the declining US car market, up from 29 per cent a year earlier.

Overall sales in August of domestic and imported cars and trucks were down 17 per cent on a year earlier, giving *an early indication of the way* in which the uncertainty and rising oil prices created by the Gulf crisis are reinforcing the *recessionary trend of the US* economy.

Yesterday brought further confirmation of that trend, with publication of the employment for August. This showed unemployment rising to 5.6 per cent from 5.5 per cent in July.

But while the figures showed a weak economy, they were not sufficiently bad to encourage an immediate eas*ing of monetary policy* by the Federal Reserve, which has to balance the economic *stimulus* of lower interest rates against *concern over inflation, the* weakness of the dollar, and rising interest rates elsewhere in the world, notably Japan.

Anxious anticipation of the employment data, coupled with the uncertain course of the Middle East crisis, meant that the stock and bond markets were particularly quiet this week, with trading volume among the thinnest so far this year. Adding to the bearish tone was a growing expectation that Wall Street ana*lysts are about to start cutting* their earnings forecasts in *response to the economic slow*down.

That could have some nasty results, if the treatment meted out this week to Motorola, the electronics group, is typical. Its stock dropped by 11 per cent on Thursday when a number of analysts cut their earnings estimates.

In another part of the high-technology field, International Business Machines unveiled more than 150 new products, including its keenly awaited new mainframes, the most powerful computers it has ever developed.

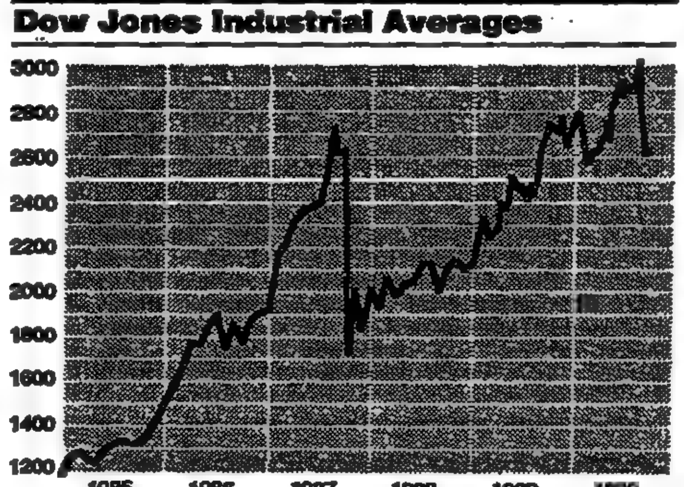
IBM's recent growth has been *substantially below* the industry average as businesses *have switched from main*frames to cheaper, more user-friendly personal computers.

But this week's launch of the new machines will, in the words of one IBM executive, "redefine the role of the mainframe."

A day before IBM's announcement, Japanese rival Fujitsu tried to steal its thun*der by* announcing it had produced the "highest performance general computer in the world."

Whether or not that is true, in this area at least the Americans *may still have the* advantage: over the last few years IBM has been gaining market share in Japan at the expense of Fujitsu.

Dow Jones Industrial Averages



Monday	Market closed
Tuesday	2613.37 − 0.99
Wednesday	[illegible] + 14.85
Thursday	[illegible] − 31.33

Martin Dickson

Smaller companies

No time to 'play ball'

AS MILLWALL'S performance on the football field has waned, so have its fortunes on the Unlisted Securities Market. But while the club has been relegated to the second division, most of its peers on the USM have been downgraded too.

A year *after joining, how do* some of the most recent entrants feel?

The eager gush of new listings during the USM's heyday has been reduced to a trickle.

So far there have only been 22 during 1990, down from 51 at the same time last year and 63 until the third quarter of 1988.

Millwall Holdings, which owns the football team, followed Tottenham Hotspur's lead and became the second club to obtain a quote last October.

Its offer-for-sale was somewhat exceptional.

Unlike the normally profit*able record of companies going* public, Millwall had consistent losses over the preceding three years, as well as rising debts.

Its main assets — the players themselves — are off-balance sheet.

But then, the company is hardly typical either.

Five million of the 25m shares were offered to its supporters, and some 11,000 have a stake in the club. The remain*der was placed with* institutions.

Millwall's *quotation, as Reg* Burr, company chairman, reflects: "was a good move for the company, but not so good for the investors."

The directors were able to fund the acquisition of Tavern *Leisure* in March. Profitable diversification is crucial, par*ticularly now relegation* cuts into the club's television fees.

Even the *commitment of the* most loyal fans has been tested, however, with Millwall's price declining fairly steadily to 7p from its launch at 20p when trading began last year. In between, there have been long periods of illiquidity.

"Whilst I don't like it, I can't allow it *to affect* my judgment of what is right for the company," says Burr.

Share price falls are, after all, of more immediate concern to investors than boards. But Burr thinks it is currently very *difficult for* a company to raise equity funding for further expansion.

Michael Franks, chairman of Essex Furniture, is a little disappointed with the market trends. Shares in his company *have staggered* downwards from 50p to 26p.

"We *are being* associated with what is going on in furniture generally," he says.

He anticipates graduating to a listing. "It is the natural thing to do," he says. "The USM is not getting good press, and we are looking to distance ourselves from it."

"I think we are grossly undervalued," agrees Mr Bob Ashby, chairman of Cooper Clarke, a building materials group which obtained a quote last September.

The shares opened at 110p and soon began to descend: *they now stand at around* 65p.

The company, says one analyst, *has been dragged down in* line with the poor prospects for construction. But its specialised fields — including "geoblock," plastic matting which supports the weight of vehicles but allows grass to grow through — should make Cooper Clarke stand out from its competitors.

One of the most liquid stocks has been Yorkshire Radio Network, with radio stations in Sheffield, Bradford and Hull.

The shares fell from a peak of 250p last September to 82p in April, partly dragged down by *a profits warning after* poor advertising revenues. They have *since shot* up to *145p* as the result of a hostile bid from Newcastle-based *Metro Radio.*

Going public means that "the pressures *for* short term performance are felt by the management team," says Mr Michael Mallet, the chairman.

As a result, they have become "tighter" he says, but at the expense of a longer perspective.

An exception to the down*swing in prices comes from the* Elan Corporation, a pharmaceuticals company *based in* Ireland. It joined the London and Dublin USM *simultaneously* with introductions in August 1989, and after an initial fall the share price has risen since December from 700p to a peak of 1150p.

It now stands at 1050p.

Investor interest soared in May, after Verelan, a hyperten*sion medicine,* was approved by the US Food & Drug Administration.

Although its primary market is in the USA, "we felt it was nice to be quoted on the domestic market," says Michael Barry, group vice president for finance. It made the company's *ESOP* more convenient for staff. "We also hoped it would improve our liquidity."

A year later, he describes "a mixed experience."

Few holders of American shares converted them, and between transactions there have been long periods without any volume. "*We have to take* responsibility," he says. "There was demand, but no stock available. It proved difficult to convert the stock back from America."

One final responsibility of a quotation, pointed out by several directors: the need to *maintain a continual dialogue* with analysts, investors . . . and the press.

Andrew Jack

Company Profile

Slap in the face for Williams' track record

NIGEL Rudd, chairman of Williams Holdings, does not mind the tag "conglomerate", not always the most fashionable stock market label.

"I don't care what we are as long as we are manufacturing market-leading products," he says.

But 1990 could mark the end *of* the eight years' unbroken profit improvement overseen by Rudd, who transformed Williams from a loss-making Welsh engineer to an industrial holding company with an annual turnover of £1bn.

*On Wednesday, the conglom*erate announced a 4 per cent drop in interim profits from its continuing businesses, and analysts have downgraded their forecasts for the full year.

Williams' operations are *split into two divisions: con*sumer and building; and industrial and military. The products range from Smallbone bespoke furniture — quasi-Victorian fitted kitchens, bedrooms and bathrooms — to military bridges and fire extinguishers.

It is the consumer and building division which is holding the group back, as high interest rates bite in the UK.

Even well-heeled British are not spending their hard-earned cash on the luxuries produced by Williams' "homes and gardens" subsidiaries such as Smallbone kitchens or Amdega conservatories. Homes and gardens only just broke even in *the first half of 1990.*

Demand has also weakened for cheaper do-it-yourself products — particularly Polycell and Polyfilla — although Rudd claims that Rawlplug DIY drilling components and Swish curtain track accessories are increasing profits and market share.

Williams can be grateful for two things: it reduced its UK exposure in May by selling the Crown Berger paints business for £205m — a good deal, and a well-timed one, according to *most analysts — and the US* and Portuguese paint manufacturers it retained are doing well.

That is important because if British consumer confidence remains weak, then Williams will have to rely on the geographical spread of its business — *about* 55 per cent of interim profits came from Europe and the US.

The industrial and military division was boosted towards the end of 1988 when Williams bought Pilgrim House, an electrical and electronics group. That acquisition added the Kidde fire protection business *to the portfolio* — a strong brand name in commercial, aerospace and domestic systems.

The conglomerate is now apt to play down subsidiaries supplying the ailing defence industry, but it cannot deny the importance of aerospace customers. Analysts estimate they contributed more than 50 per cent of the division's profits in 1989, and, according to Barclays de Zoete Wedd, sales *were split roughly* 30:70 between military and civil clients.

Assuming the civil aviation sector remains buoyant, then Williams will be able to set those profits against difficulties at *smaller subsidiaries* in the same division, such as *those committed* to the automotive sector.

Most observers admire Williams' high margins, which are nearly 20 per cent in the industrial and military division, but some still have doubts about the ability of the group's non-consumer businesses to offset the UK economic downturn.

They also believe it will take time for the consumer-dependent operations to perk up, even when conditions improve.

As Tim Harris of Nomura says: "I wouldn't have thought you'd be rushing out to buy your luxury kitchen the day interest rates come down a *point.*"

Nigel Rudd knows that this is a challenging *time for* the group. "I think we've got it all to prove at Williams now," he says. "We came up on the bull market and we used it, I admit that, but look what happened to some of the others which did *the same — the Colorolls or* the Parkfields. By contrast, we have a portfolio of worthwhile businesses and a strong balance sheet."

In the short term, it may not be enough to excite the share price. *On forecast profits of* only £120m or £130m before tax for the full year — down from £153m in 1989 — the shares are on a prospective p/e of about 9. That's a pretty high multiple compared with most engineering and industrial holding companies.

Andrew Hill

Williams Holdings

Estimated breakdown of sales

WILLIAMS HOLDINGS ANNUAL PRE-TAX PROFITS & EARNINGS PER SHARE

	1985	1986	1987	1988	1989
Profits (£m)	6.27	21.0	58.5	118	153
EPS (p)	7.5	15	20.4	26	27.1

Principal subsidiaries of Williams Holdings include: *Masterchem Industries* (paints); Amdega, Banbury Compton and Smallbone (homes and gardens); Cuprinol, Polycell (DIY & construction); Swish (home furnishings); Kidde-Graviner (fire protection); *Burgess, Sala* (electronics); Williams Fairey (engineering).

Small battalions are unreliable allies when blue chips are down

Philip Coggan weighs merits of investing in small companies

THAT A GOOD big 'un will always beat a good littl 'un is one of the great boxing adages but in investment terms, the case is far from clear cut.

Many investors tend to have gut feelings about whether to back smaller or larger companies. Some want to side with the big battalions – the blue chips whose earnings are supposedly safe and reliable. Others believe that smaller groups are more dynamic and more flexible and will produce faster profit growth.

Statistics have been cited on both sides. But GMO Woolley, the UK arm of US fund management group Grantham, Mayo, van Otterloo, has just made a study examining all the factors that separate large and small company performance. GMO's definition of large groups contains the UK's biggest 250 companies; the small companies set comprises the next 850 largest. Together, the two groups make up 96 per cent of the UK's market capitalisation.

There is little doubt that smaller company shares have outperformed over the longer run. Between 1965 and 1989 the minnows rose faster than their larger brethren in 18 out of the 25 years. There was only one occasion when smaller companies underperformed in two successive years (1973 and 1974); although if one includes 1976, there was a run of three bad years out of four. The longest consecutive run of outperformance was 1981-88, but it was broken in 1989 by the worst ever year for smaller stocks.

The GMO Woolley figures are confirmed by the Hoare Govett Smaller Companies Index which, between 1955 and 1990, produced an annualised return, with dividends reinvested, of 20 per cent, against a return of 14.5 per cent for the FT All-Share (which covers the largest 700 stocks).

A share's total return to investors is made up of three main elements – earnings growth, dividend yield and any change in the price-earnings ratio. (If the p/e increases while earnings remain stable, the share price will go up.)

The GMO Woolley study shows that smaller companies *did achieve higher annual* earnings growth than the stock market giants on average – 17.8 per cent against 13 per cent between 1969 and 1989. This was the largest component of their outperformance.

The bar chart shows the *earnings of smaller companies* grew at a faster rate in all but six years between 1965 and 1989. However, we have had a nine-year winning streak in favour of smaller companies and the last two periods of underperformance coincided with oil price shocks and recessions.

Surprisingly, smaller companies also produced a higher dividend yield than large groups over the 1969-89 period – 5.9 per cent against 5.3 per cent. Smaller company p/e ratios fell over the same period, but by slightly less than those of larger companies.

The assets of smaller companies also increased at a faster rate between 1969 and 1989 – growing at 15.7 per cent a year as against 9.2 per cent for bigger companies.

But lest it be thought that there is no good news for the supporters of large company shares, it should be pointed out that the higher earnings growth of smaller companies comes at a price – greater risk.

Apart from a brief period in 1975-77, smaller companies' earnings have displayed much higher volatility than larger groups over the last 20 years. Ever since then, large company earnings have grown more and more stable, perhaps caused by the growing diversification of many companies into overseas markets.

And another key investment measure – the return on equity (ROE) - shows larger companies scoring rather better than their juniors. The ROE, defined here as profits as a percentage of assets, is seen as a good measure of how effi*ciently companies are run.* As the graph shows, small companies only outperformed larger groups for a brief period in the late '70s.

During the '80s, larger companies forged well ahead, increasing their ROEs by one percentage point (to 13.8 per cent) and giving some substance to the conventional wisdom that British industry became more efficient under Mrs Thatcher. Smaller companies, in contrast, actually suffered a decrease in their ROE figures, falling from 15.2 per cent to 11.7 per cent between the '70s and the '80s.

So the evidence suggests large companies are more stable and better run. The outperformance of small company shares over the long run merely compensates investors for their lack of liquidity and for the risk that their earnings are more volatile in any given year.

That there is nothing inherently beautiful about being small is illustrated by a comparison of performances across international markets. In the US, smaller companies have tended to show lower earnings per share growth and a poorer return on equity than their larger fellows. Small company shares have been out of investment favour since around 1983.

In Japan, smaller company shares have sharply improved their performance relative to larger companies since 1987, in a virtually exact reversal of the trend in the UK. Until the recent Gulf-induced slump small companies were the hot stocks in the Japanese market.

So it is difficult from the evidence produced by GMO Woolley to develop a hard and fast rule that it is better to invest in small or large companies on all occasions in all markets. But are there any clues as to *whether large or small companies* offer better value?

One obvious method is to see which group has the higher p/e ratio. In the UK, there was a marked divergence between the relative ratios of the two groups between the '70s and '80s.

In the '70s small companies tended to trade on a lower multiple, but the relationship reversed in 1979. After a long period in which smaller companies traded on a premium rating, the relationship shifted again in 1989.

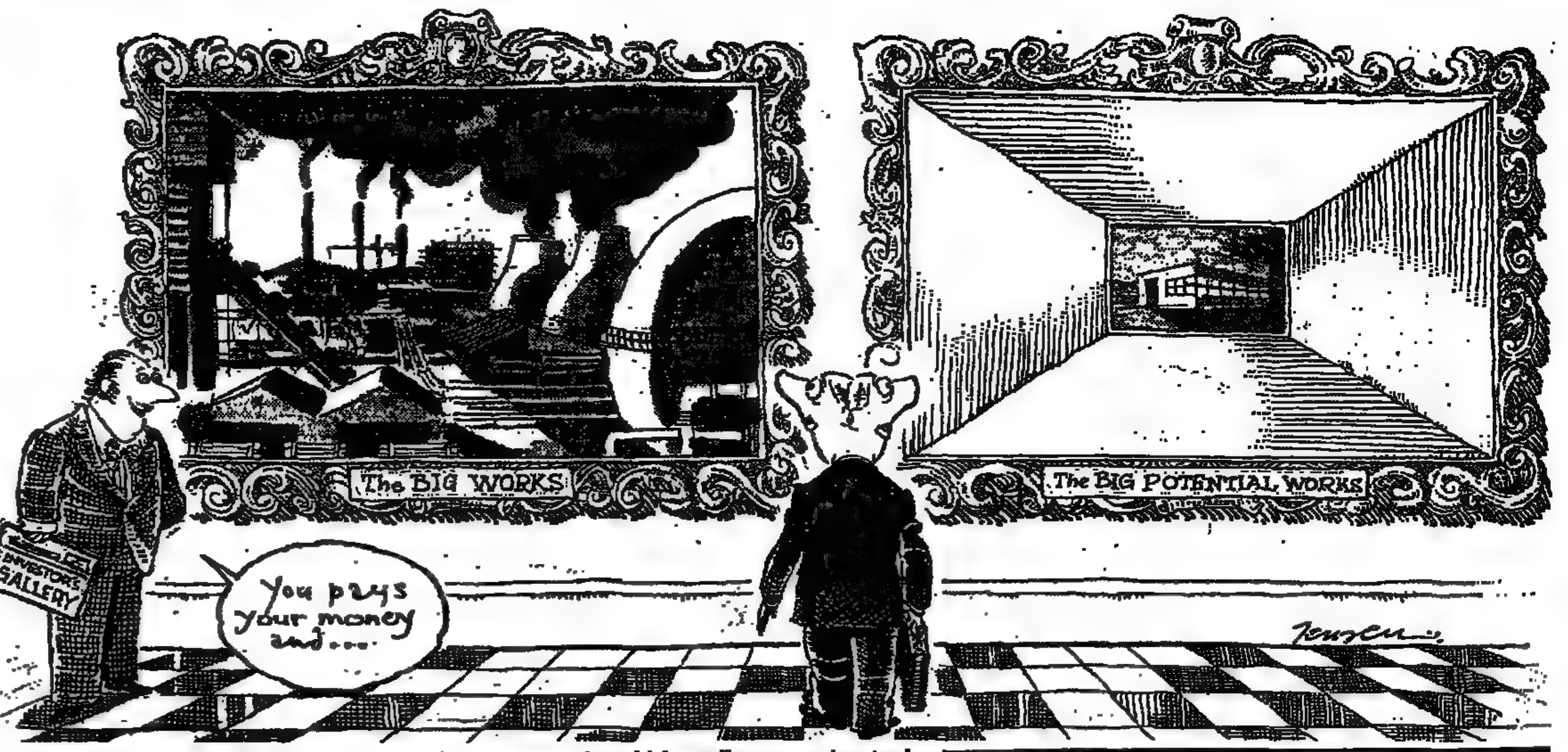
But the fact that small companies stand on a lower p/e ratio does not necessarily mean they will now outperform. GMO Woolley found that in four of the 12 previous years when smaller groups were on a p/e discount, small company shares underperformed in the following year.

Another key investment *measure compares the share* price with the group's net asset value – the so-called "price-to-book ratio." GMO Woolley figures show that small companies have been on a lower price-to-book ratio for most of the last 25 years. And the gap between the two is *currently* greater than ever before.

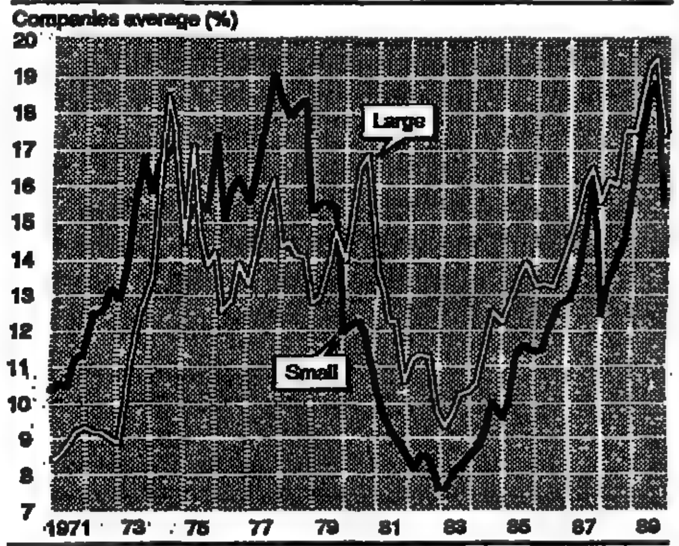
This may be a better guide to the relative attractions of smaller company shares. Only once, according to GMO Woolley's research, has a year in which smaller companies stood at a lower price-to-book ratios, been followed by a year of small company share underperformance.

Certainly, contrarians must feel small company shares are due for a revival. The FT All-Share and the Datastream USM Index have underperformed the FTSE-100 since 1988. On the price-earnings and price-to-book criteria, small companies *look relatively cheap.*

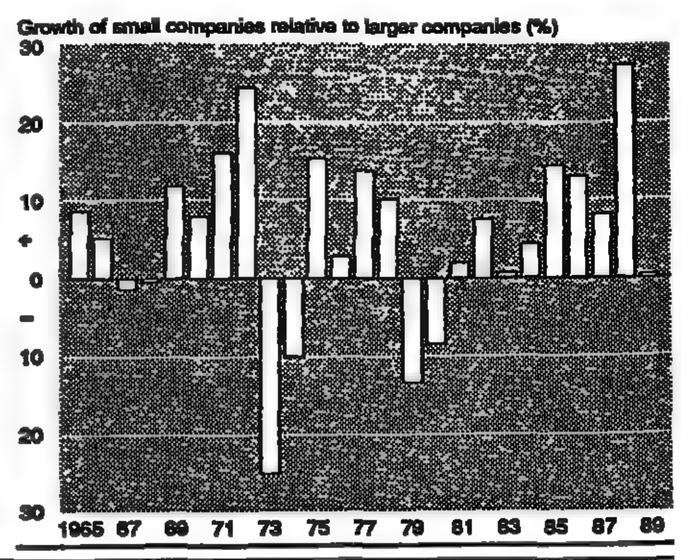
But the private investor should be cautious. Individual small companies are still going bust on a daily basis. It would be sensible to acquire either a diversified portfolio of say 20 stocks or, much better, to invest in smaller companies through an investment or unit trust. But any decision would have to be on a long-term basis and very cautious investors should probably steer clear of all equities at the moment.



Return on equities



Earnings



The Japanese wonder-ride bumps back to earth

Barry Riley looks at how the Nikkei tumble will bring Japan into line

IT IS the slow-motion crash which almost everybody outside Japan saw coming. This week the Japanese stock market was testing its low point, nearly 40 per cent below the crazy peak reached at the end of last December when the Nikkei average topped out at 38,900.

Even after such a serious set-back there are still plenty of bears around. It may seem bad enough that the Nikkei is languishing around the 24,000 mark, but you can easily find pundits willing to project the Tokyo market down to 21,000 or even 15,000.

There are arguments that Japan is facing its own version of the 1929-31 Wall Street collapse, as the excesses of the long boom are corrected. Certainly there will have to be a very nasty shakeout in Japanese property values, which have been even more extraordinarily inflated than those of stocks. That will pose severe problems for Japanese banks, which have already been cutting back their overseas activities as they prepare to batten down the hatches at home.

Yet there is little sign at present that the agony of the stock market is feeding through to the Japanese industrial economy. Of course the Gulf crisis poses threats to a country which is so dependent on imported oil. Many Japanese companies, however, took advantage of the booming stock market of the past couple of years to raise large amounts of capital for investment and strengthen their balance sheets. Moreover, the weakness of the yen over the past year has boosted the profitability of exporters.

British investors have a double cause to regret any exposure to Tokyo this year. Not only has the Japanese market tumbled, but the yen has also lost something like 14 per cent against sterling. So UK holders of Japanese stocks will have lost nearly 50 per cent in value this year if their portfolios have performed in line with the leading indices.

The only saving grace is that smaller company stocks in Japan have largely escaped the bloodbath. In fact, the Tokyo Stock Exchange's second section index is only marginally lower than at the beginning of the year. A few specialist funds have managed to buck the main market trend: for example, the Schroder Japan Smaller Companies Unit Trust has shown a gain of more than 30 per cent over the year to the beginning of September.

But that is far from being a typical performance. The average Japanese unit trust has lost 26 per cent of its value in a year – something of a tribute to the ability of fund managers to dodge the worst of the fall, perhaps by going liquid or focusing on smaller companies.

There has been no such flexibility available to index tracking unit trusts, however, which have taken the Tokyo crash right on the chin. The tracker funds of James Capel, Morgan Grenfell, Royal Life and Legal & General have all lost about 45 per cent of their value inside 12 months.

The Japanese stock market miracle could not continue into the '90s, although it was a wonderful ride while it lasted. The returns over the past decade were fabulous. If you had put £1,000 into a typical Japanese specialist unit trust at the beginning of 1980, that would have been worth £11,770 last January 1. At that point, of course, you should have sold. By now you would be lucky if your holding were worth more than £8,000.

The bursting of the bubble has scarcely been surprising. At the peak, typical dividend yields were under 0.5 per cent, and price-earnings ratios were 60 or 70. There were long and inconclusive arguments about the extent to which Japanese companies have had hidden earnings which should be added back to make their p/e ratios comparable with those in the US or Europe. But, on the superficial numbers, many Japanese stocks last year were being valued at three or four times as much as they would be in the US.

Such was the measure of the possible downside risk. With this in mind, foreigners have been selling Japanese stocks in the past few years, though many of them got out too soon. After all, the Tokyo market brushed aside the Wall Street crash of October 1987 with amazing aplomb.

What finally pricked the Japanese asset price bubble was the tightening of monetary policy. During the '80s Japanese interest rates fell steadily: bond yields dropped from near 10 per cent in 1980 to about 4 per cent in 1988; while the official short-term discount rate was reduced from from almost 7 per cent to 2.4 per cent over the same time-span. Money was so cheap that the prices of assets such as shares and property (not to mention Van Gogh paintings) became detached from reality.

But last year the Bank of Japan, worried by the dizzy property price spiral and the weakness of the yen, began to change tack. Its short-term discount rate has now been lifted in five stages to 6 per cent, and long bonds yield 8 per cent. These dramatic moves have forced the equity market to attempt to reconnect with the real world. But at what level will it touch bottom?

Some Tokyo watchers derive comfort from the fact that a few big Japanese industrial stocks such as Matsushita now have ratings which are reasonably in line with international levels. Value investors, the ones who look at individual company fundamentals, are starting to take an interest in Tokyo after years of steering well clear.

But the average p/e is probably still well over 30. Some sectors, particularly financials, remain at silly prices to western eyes. The realignment of the Japanese equity market could take some time to be completed, and amateur investors should keep on the sidelines.

Clare Pearson is waiting to meet a friend of Sid's

A glimpse of Frank

IF YOU watch television on Wednesday next week you may just catch a glimpse of Frank.

This character will then be making the first of many appearances as part of the Government's drive to spark public interest in the flotation of the electricity distribution companies, or Trecs – 12 regional electricity companies – as they are now known.

Rather like Sid in the 1986 British Gas privatisation, Frank will guide us through the various stages of the flotation process, up to the deadline for applications in early December.

Ironically, Frank's namesake, Frank Dobson, the shadow energy secretary, will be trying to pour cold water over the pre-flotation excitement.

However WCRS, the advertising agency which devised the character, was actually inspired by Frankenstein, who they saw as a fine example of an electricity user.

You will see Frank on television, in the newspapers, on billboards and in the 900 or so high street shops run by the Trecs.

Exact details about Frank are being kept under wraps before the the pre-launch. Dewe Rogerson is masterminding the marketing effort in its eighth job for a privatisation flotation.

Anthony Carlisle, of public relations company Dewe Rogerson, describes Frank as "big and bolted; a friendly sort of monster."

This campaign will be a far cry from the Handel's Water Music theme used for the water companies' flotation last year. Apart from that, the structure of the two flotations may look remarkably similar, not withstanding the different investment characteristics of the regional water and electricity companies.

This is hardly surprising as electricity, like water, differs from previous privatisations in that it involves the separate but simultaneous sale of a number of companies; and the structure devised by Schroders, the merchant bank, for water proved so successful that Kleinwort Benson, the Government's financial adviser on electricity, has little choice but to follow it.

It is expected that the Government will be selling 100 per cent of the industry, although no final decision has been taken.

Shares in all the companies will be sold at a common price, but differentiated by varying yields. The public will be invited to invest in any or all of the companies, although there will be incentives for investors to buy shares in the particular company which supplies their electricity.

To ensure that shares in all the companies are taken up, institutions will be asked to underwrite a weighted package comprising all the companies.

To become eligible for incentives, the public will have to pre-register its interest with a specially set-up share information office before a specified cut-off date.

The main difference between water and electricity, as far as the structure of the public offer goes, will be in shareholder incentives. As well as the usual loyalty bonus shares, the Trecs are likely to provide vouchers to be used against bills, as British Gas and British Telecom did.

It was only the particular complexities of the water charging system that led Schroders last year to opt for cash discounts on the price of shares instead.

Of course, none of these details has been confirmed yet; nor are all of them likely to be in the near future. Dewe Rogerson believes in a "little and often" approach to supplying the public with information during the pre-flotation period.

It is likely that only the most basic description of how the share sale is to be structured will appear next week; that and the news of what Frank looks like, of course.

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 25%	40%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawal (days)
CLEARING BANK*							
High interest cheque	5.00	5.10	4.08	monthly	1	under 5,000	0-7
High interest cheque	9.20	9.60	7.68	monthly	1	5,000-9,999	0
High interest cheque	9.40	9.80	7.84	monthly	1	10,000-24,999	0
High interest cheque	9.60	10.00	8.00	monthly	1	25,000-49,999	0
High interest cheque	10.20	10.70	8.56	monthly	1	50,000	0
BUILDING SOCIETY†							
Ordinary share	7.00	7.12	5.70	half-yearly	1	1-250,000	0
High interest access	9.00	9.00	7.20	yearly	1	500	0
High interest access	9.75	9.75	7.80	yearly	1	2,000	0
High interest access	10.25	10.25	8.20	yearly	1	5,000	0
High interest access	10.50	10.50	8.40	yearly	1	10,000	0
90-day	10.25	10.51	8.41	half yearly	1	500-9,999	90
90-day	11.00	11.30	9.05	half yearly	1	10,000-24,999	90
90-day	11.60	11.83	9.46	half yearly	1	25,000	90
NATIONAL SAVINGS							
Investment account	12.75	9.56	7.65	yearly	2	5-25,000	1 mth
Income bonds	13.50	10.12	8.10	monthly	2	2,000-25,000	3 mths
Capital bonds	13.00	9.75	7.80	yearly	2	100 min.	3 mths
35th issue‡	9.50	9.50	9.50	not applica	3	25-1,000	8
Yearly plan	9.50	9.50	9.50	not applica	3	20-200/month	14
General extension	5.01	5.01	5.01	not applica	3	-	8
MONEY MARKET ACCOUNT							
Schroder Wagg	10.82	11.37	9.10	monthly	1	2,500	0
Provincial Bank	11.02	11.58	9.27	monthly	1	1,000	0
UK GOVERNMENT STOCKS							
8pc Treasury 1991	12.93	10.84	9.60	half yearly	4	-	0
8pc Treasury 1992	12.70	10.60	9.35	half yearly	4	-	0
10.25pc Exchequer 1995	12.02	9.36	7.75	half yearly	4	-	0
8.5pc Treasury 1994	12.22	9.96	8.59	half yearly	4	-	0
3pc Treasury 1992	10.12	9.31	8.82	half yearly	4	-	0
Index-linked 2pc1992§§	13.17	10.51	10.20	half yearly	2/4	-	0

*Lloyds Bank.†Halifax 90-day; immediate access for balances over £5,000.‡ Special facility for extra £10,000 §Source:Phillips and Drew. §§Assumes 6.0 per cent inflation rate. 1 Paid after deduction of composite rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

In the first profile of a series on fund managers, Philip Coggan looks at Hambros' track record

Japanese expertise is a major plus

THE private investor browsing the unit trust pages of the Financial Times must be baffled by the number of trusts on offer. Column after column of fund managers offer almost every conceivable kind of investment vehicle to capture the investor's attention.

As a guide through the fund management jungle, the Financial Times *will regularly publish profiles of managers and the funds they offer. The aim is to give information rather than recommendations to investors interested in pooled savings vehicles. The articles will highlight the investment philosophies and records of the managers and trusts concerned.*

HAMBROS has had a turbulent history over the last 20 years. One great success, the Hambro Life company started by Mark Weinberg, was counterbalanced by problems with shipping and oil and gas loans. Even its move into the estate agency business has so far proved ill-starred. Also, the 14 per cent stake owned by Baltica, a Danish insurance company, has provoked takeover rumours.

On the fund management side, the group's business was radically changed when Hambro Life was sold in the mid-1980s, taking away a large chunk of investment expertise. The group still has some £4bn of funds under management, largely for pension fund clients.

Hambros offers a range of funds for private investors of which the most prominent are probably the umbrella funds based in Guernsey. The magazine *What Investment?* has just ranked Hambros' EQUUS and EMMA funds as the top offshore umbrella funds.

The EQUUS fund allows investors to switch, without charge, between nine underlying funds – International Equity; UK Growth; UK Special Situations; European Growth; North American Growth; Japan; Japanese Enterprise (smaller companies); South East Asian; and Australian. The offshore UK growth fund is second (out of 140) in its sector over ten years and the Japan fund is fourth (out of 21) over the same period. One of Hambros' strongest points is generally agreed to be the expertise of its Japanese managers.

EMMA offers Eurobond and money market funds in a range of currencies from sterling to Canadian dollars. Again, investors can switch from one fund to another and they can currently subscribe to EMMA without paying the initial charge.

On the investment trust side, the group has recently taken over two trusts in its stable. In each case – Hambros Investment Trust and Hambros Advanced Technology Trust – the group offered convertible preference shares to the trusts' shareholders and then sold off the investments to raise cash. The group still manages City of Oxford, a split capital investment trust.

It would be safe to say that Hambros has yet to establish itself as a major player in the field of onshore trusts. The group recently folded its Recovery and Assets Trust, which had grown too small and had little prospect for recovery. The table shows the 11 trusts managed by Hambros, plus the two managed by Hambro Generali, a company jointly owned with Assicurazioni Generali, a large European insurance company.

The use of three-year performance comparisons may seem rather unfair to Hambros, because the start date, 1 September 1987, was just before the Stock Market crash. However, it is the longest date for which records for all the trusts are available. The figures in brackets, which show the relevant FINSTAT sector performances, illustrate that 10 of the 13 funds have underperfomred the sector average.

On a shorter time scale, the 1990 Unit Trust Yearbook said that these are "not happy times for Hambros", with the company placed in the lowest 25 per cent on one-year and two-year performance comparisons.

However, Hambros argues that many of its funds are specialist and are usually ranked in sectors which do not offer appropriate comparisons.

Hambros has recently set up a global strategy group to coordinate its investment management approach. The basic philosophy is "top down", concentrating heavily on choosing the right markets, rather than taking the "bottom up" view, which selects stocks regardless of sector or country of origin.

Economic strategist Peter Oppenheimer says that Hambros looks at two types of investment criteria – valuation and fundamentals.

The former includes the market's price/earnings ratio, relative to the rest of the world and to the stage of the economic cycle, and also the relationship of bond and equity yields. For example, Oppenheimer says it is "clear that the US was overvalued when p/e ratios were rising and the economy and growth were slowing."

Fundamental factors include inflation, profit margins and the degree of liquidity in the economy.

HAMBROS UNIT TRUSTS

Name	Launched	Size (£m)	%Annual charge	Performance over 3 yrs
Equity Income	June 84	4.0	0.75	-16.2 (-10.7)
High Income	Oct 85	3.3	0.75	-17.0 (-10.7)
Smaller Companies	May 83	12.6	1.5	-35.9 (-26.0)
UK New Generation	Jul 87	5.0	1.6	-20.3 (-26.0)
American Equity Income	Jan 84	1.6	1	-25.3 (-13.4)
North American	May 83	20.1	1.5	-26.8 (-23.5)
Canadian	Jan 85	5.9	1.5	-28.5 (-23.5)
Scandinavian	Sep 83	5.4	1.5	+15.6 (+3.4)
European	Jun 84	29.0	1.5	-0.5 (+3.4)
Japan and Far East	May 83	10.4	1.5	-37.0 (-18.0)
International Situations	Jun 86	5.1	1.5	-40.2 (-19.6)
UK Growth (with Generali)	Nov 85	3.1	1.5	-14.8 (-26.0)
Property Share (with Generali)	Nov 85	5.5	1.5	-45 (-37.5)

All initial charges are 5%. Performance figures from FINSTAT, offer to bid with income reinvested. Figures in brackets are the relevant sectoral performances.

Philip Coggan with a mortgage-savings strategy

A real pay-off line

MORTGAGE rates are more than 15 per cent. The monthly payment removes a depressingly large slice of many homeowners' incomes. Relief, in the form of lower rates, may be several months away.

So, why should those homeowners who have some savings continue to hold them in a building society? High rate taxpayers currently receive a net rate from a building society of around 8 or 9 per cent; basic rate taxpayers receive 9 or 10 per cent. It makes no sense for either to lend at a low rate, and borrow at a higher rate.

Using spare savings to pay off part of the mortgage can be a sensible policy. The effective return on such a repayment is currently more than 15 per cent and there are very few investments which can guarantee such a rate.

There are, however, one or two caveats. If the homeowner needs the savings to meet some forthcoming commitment – such as a holiday or a car – it makes sense to leave the money in the building society. And it is always advisable to retain some savings, on the rainy day principle.

Another caveat is that the sums do not really work for mortgages below the Miras limit of £30,000. Tax relief means that for higher rate taxpayers, the effective mortgage rate below £30,000 is around 9 per cent and for basic rate taxpayers around 11 per cent.

The loss of flexibility involved in paying off a large sum is not really justified by the small difference between borrowing and savings rates below the Miras limit.

It is also important to find out whether the lender imposes any penalty for early repayment. When I wanted to pay off part of my own mortgage, I found that the lender charged £100 for immediate repayment but nothing if three months notice was given.

The Leeds imposes no penalty or notice period, nor does the Woolwich except in the first year of its first-time buyers' mortgage (one month's interest payment as penalty) or the Halifax, except in the case of fixed rate mortgages in their first two years (two months' interest payments).

There is no real difference in principle in repaying an endowment or a repayment mortgage. However, those with endowment mortgages will make no saving on the monthly premium they pay (it makes no sense to cancel an endowment policy in its early stages). But the interest savings should be the same in both cases.

What if mortgage rates do fall? The rate you receive on savings would fall as well but you may start to wish that the lump sum used on the mortgage was available to invest in, say, a personal equity plan. Householders may also feel more comfortable with long-term mortgage rates of 11 or 12 per cent.

But unless you never plan to move house, you need not assume that repayment ties up that money for 25 years. The average person moves house every six years, and given the state of the housing market since 1988, many people may be close to their next move. Moving reopens your options and there is always the possibility of remortgaging.

If you want to release some cash, you can always borrow a larger percentage of the next house's value. On the other hand, the repayment you made can be used as the base to gear up and buy a larger, or better located, house.

There are others who may simply feel a Calvinistic dislike of being in debt and would rather their borrowings were as low as possible. Paying off their mortgage may repay such people via more peaceful sleep.

Pru expects a downturn

PRUDENTIAL, the largest insurance company in the UK, announces its results on Wednesday. It is assumed that they will be sharply down on the 1989 half year pre-tax profit of £196.7m, but the market is divided about how far they will fall.

Some analysts forecast a result close to the £140m mark, while the pessimists predict that they could dip below £90m. A result around £123m is expected by UBS Phillips & Drew.

BTR, the UK-based industrial conglomerate, is likely to have to content itself with a 5-7 per cent profit advance. Taxable profits of £540m-£550m are anticipated when the company reports on Wednesday. In Australia, BTR Nylex this week reported profits of A$260.8m (A$255.3m) on sales down 4 per cent. The group was hit by a steep increase in finance charges.

Interim results at Fisons, due to be released on Tuesday, are expected to manifest growth as rapid as a shrub planted in the pharmaceuticals, scientific equipment and horticultural group's compost. Analysts are calling for pre-tax profits of £89m-£90m against £67m last time.

RTZ Corporation, the world's largest natural resources group, is widely expected to make a small increase in its interim dividend payment, perhaps by 0.5p to 5.5p, even though half-time attributable profits will do well to match last time's £279m.

Legal & General, the large composite insurer, is expected to announce pre-tax profits on Thursday for the half year well down on its £76m pre-tax profits at the half year in 1989. UBS Phillips & Drew is forecasting a result around £34m.

United Biscuits (Holdings), the biscuits, salty snacks and frozen food group now headed by Robert Clarke, should report interim pre-tax profits of about £84m on Thursday, an 11 per cent advance from the 1989 figure.

Singer & Friedlander, the merchant bank, is expected to announce half-year profits of around £9.25m on Monday down from £10.6m a year ago, in line with depressed market conditions.

Ratners Group, the jewellery chain, will present its interim results on Wednesday. A pre-tax outcome of about £10m looks in sight although not much importance will be attached to the precise figure because of the massive weighting of the company's business in the second half.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £ms**	Bidder
Prices in pence unless otherwise indicated					
Aaronson Bros.	80*	78	50	29.61	Glunz
Dukeminster	75*	71	62	65.66	Assetpeak
Fitch Lovell	289§§	270	295	289.73	Booker
Hoskyns Grp.	330*‡	350	219	197.59	CAP Gemini
Multitrust	44*§	46	44	1.90	Panther Sec.
Tozer Kemsley	150*§	146	115	351.72	IEP
VPI Group	15☆	8	13½	7.12	Transw'd Consortm
Yorkshire Radio	124	143	131	11.71	Metro Radio

*All cash offer.†Cash alternative.‡Partial bid for 69.5%. §For capital not already held.‡Unconditional.**Based on 2.30pm prices 7/9/90. †At suspension. §§Shares and Cash. ☆Estimated figure, comprising 8p cash, a loan note, and a 'litigation unit'.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Black Peter	June	10,300	(9,600)	13.3	(13.0)	2.07	(1.75)
Caird Group	June	5,490	(4,840)	6.01	(7.85)	1.2	(1.3)
Cantors	April	3,990	(3,040)	17.9	(15.5)	3.0	(2.0)
Dunton Group	June	184 L	(1,110)	0.7L	(3.5)	-	(1.0)
Goodhead Group	May	4,020	(5,570)	13.6	(19.2)	3.75	(3.75)
Heritage	April	1,180 L	(844)	-	(11.2)	-	(2.58)
Isotron	June	2,950	(2,400)	15.6	(12.7)	2.1	(1.8)
London Merchant	March	26,310	(18,250)	6.62	(4.73)	2.6	(2.4)
Osprey Communic	May	1,560	(1,110)	5.4	(9.6)	3.0	(2.4)
Pathfinders	March	121	(453)	0.33	(1.23)	0.7	(-)
Select TV	March	442 L	(156 L)	-	(-)	-	(-)
Usher Frank	May	1,390	(1,300)	12.6	(13.0)	4.0	(4.0)
Vista Entertain	March	21	(179 L)	0.27	(0.5L)	-	(-)
W'minster Country	April	1,660 L	(3,000)	-	(-)	3.0	(12.0)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Allied Partnership	June	2,420	(3,270)	1.0	(1.0)
Amec	June	28,600	(38,100)	3.9	(3.6)
Appleyard	June	4,800	(5,700)	2.6	(2.6)
ASW Holdings	June	21,100	(20,100)	4.5	(4.0)
BAT Industries	June	592,000	(657,120)	10.7	(10.3)
Betacom	June	589 L	(512)	-	(-)
Blackwood Hodge	June	3,230	(6,050)	0.25	(0.65)
Blue Circle	June	83,000	(100,300)	3.75	(3.5)
Booker	June	36,100	(30,300)	7.25	(6.5)
Bowater	June	48,400	(40,700)	9.5	(8.5)
Bullers	Aug	2,330 L	(195)	-	(0.5)
Burmah Castrol	June	79,200	(76,893)	8.5	(8.5)
Church & Co	June	1,870	(1,650)	3.0	(3.0)
Cookson Group	June	71,400	(96,300)	3.0	(3.0)
Courtaulds Textiles	June	16,400	(15,700)	4.0	(-)
CRH	June	32,130■	(27,160■)	2.0	(1.75)
Croda International	June	17,200	(16,500)	4.1	(4.1)
Delaney	June	824 L	(329)	-	(1.3)
Donelon Tyson	June	1,130	(1,040)	-	(-)
EFT Group	June	413	(712)	0.3	(0.3)
EIS Group	June	6,500	(5,480)	3.03	(2.8)
Emess	June	6,000	(8,200)	1.3	(1.2)
Enterprise Oil	June	102,300	(83,700)	6.0	(5.25)
Evans Halshaw	June	2,560	(4,200)	3.6	(3.6)
European Home	June	11,470	(17,100)	2.5	(2.5)
Forwell	June	165	(562)	0.38	(-)
Gaskell	June	1,060	(1,040)	3.0	(2.8)
Gibbs & Dandy	June	16 L	(20)	-	(-)
Hambro Countrywide	June	1,010	(5,410L)	0.05	(-)
Herring Son & Daw	July	1,790	(1,780)	3.0	(2.5)
Hillsdown Holdings	June	82,800	(67,800)	2.0	(1.8)
IMI	June	83,500	(80,100)	4.2	(3.6)
Instem	June	505	(382)	1.2	(1.0)
Intrum Justitia	June	3,010	(2,610)	0.6	(-)
Invergordon Distill	June	6,200	(5,400)	2.0	(-)
Lambert Howarth	June	1,330	(710)	3.6	(3.0)
Linread	June	1,570	(1,560)	2.0	(1.8)
Macfarlane Group	June	4,800	(4,320)	1.70	(1.5)
Mid-States	June	2,690	(215) ‡	1.5●	(-)
Nestor BNA	June	3,540	(2,200)	1.15	(1.0)
North Sea Assets	June	590	(29)	-	(-)
Parambe	June	60	(18)	0.56	(0.5)
Peek	June	6,030	(5,630)	1.05	(1.0)
Pendragon	June	3,140	(2,610)	1.6	(-)
Perkins Foods	June	3,730	(7,120)	1.5	(1.4)
Persimmon	June	15,540	(18,200)	2.3	(2.0)
Plaxton Group	Sept	5,210	(3,700)	3.0	(3.0)
Polly Peck	June	110,500	(64,400)	5.5	(4.5)
Portals Holdings	June	11,220	(10,040)	5.0	(3.5)
Porvair	May	801	(402)	1.0	(0.9)
Provident Financial	June	10,470	(9,270)	8.0	(7.0)
Pelam	June	314	(1,630)	1.0	(1.0)
Quicks Group	June	1,610	(1,950)	2.0	(2.0)
Reckitt & Colman	June	113,160	(98,580)	12.3	(10.7)
Ropner	June	2,970	(2,880)	3.5	(3.0)
Russell Alexander	June	1,290	(1,450)	1.0	(0.54)
Senior Engineering	June	8,150	(7,800)	1.08	(1.08)
Sharpe & Fisher	June	853	(2,270)	1.5	(1.5)
Shorco Group	June	412	(440)	2.4	(2.2)
Stat-Plus	June	2,980	(2,240)	2.75	(1.75)
Sun Alliance	June	119,00L	(191,000)	5.0	(4.5)
Thames TV	June	10,330	(*)	5.15	(5.15)
Torday Carlisle	Aug	1,520	(1,120)	2.3	(1.7)
T & N	June	46,100	(40,200)	3.6	(3.5)
TSL Range	June	483	(415)	1.0	(-)
Tyne Tees TV	June	3,450	(3,380)	6.0	(6.0)
Ulster TV	June	1,3201,	(1,200)	3.0	(-)
Vinten Group	June	4,300	(1,770)	1.7	(1.4)
Wiggins Teape Appleton	June	85,000	(94,500)	3.3	(3.0)
Williams Holdings	June	60,600	(71,400)	4.75	(4.5)
Wilson Bowden	June	15,200	(17,100)	2.4	(2.2)
Wilson (Connolly)	June	14,880	(13,840)	1.21	(1.15)
Wimpey	June	12,600	(45,200)	4.0	(4.0)
WSP Holdings	June	636	(442)	1.1	(0.9)

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L = loss. ‡ = Figures for 9 months. ● = 0.75 div + special 0.75 payment. ■ = Irish Currency * = no direct comparison.

RIGHTS ISSUES

Kynoch G & G to raise £4.4m via a 5 for 1 rights issue of 9.87m shares.
Westminster & Country Properties in a 5 for 3 rights issue of 5.54m shares at 100p each

RESULTS DUE

Company	Announcement due	Dividend (p)* Last year Int.	Final	This year Int.
FINAL DIVIDENDS				
Abingworth	Thursday	-	1.5	-
Adscene	Tuesday	2.0	4.0	2.0
BZW Convertible Invest Tst	Thursday	-	-	-
Flogas	Tuesday §§	2.3	4.12	2.54
GT Venture Investment Co	Thursday	-	2.0	-
Haynes Publishing	Monday	8.0	11.0	4.5
Macro 4	Tuesday	1.9	5.9	3.7
Molyneux Estates	Monday	-	-	-
North American Gas Invest	Wednesday	-	-	1.13
Northern Ind Improvement Tst	Wednesday	7.0	13.0	7.0
Primadona	Wednesday	-	1.5	1.8
Scholes Group	Tuesday	2.6	5.22	-
Sirdar	Thursday	1.65	3.5	1.65
Walker Thomas	Friday	0.26	1.22	0.26
INTERIM DIVIDENDS				
Abbeycrest	Thursday	1.2	2.4	-
Albany Invest Trust	Thursday	0.80	2.6	-
ASD	Friday	1.7	-	-
Asda Property	Tuesday	0.6	1.15	-
Aspen Communications	Wednesday	2.4	5.4	-
Associated British Ports	Thursday	4.5	8.0	-
Baird William	Wednesday	4.7	5.15	-
Beattie James	Tuesday	1.2	3.8	-
Berry Starquest	Friday	-	1.5	-
Bletchley Motor	Thursday	3.75	3.75	-
Bodycote International	Tuesday	3.0	5.0	-
Brake Brothers	Thursday	1.2	3.0	-
British Aerospace	Wednesday	8.1	14.6	-
British Fittings	Thursday	-	-	-
British Mohair	Friday	1.4	7.1	-
British Vita	Monday	4.2	4.6	-
BTR	Wednesday	6.7	8.3	-
Bunzl	Tuesday	2.6	3.3	-
Burford Holdings	Wednesday	0.3	0.35	-
Calor Group	Wednesday	6.0	3.0	-
Candover Investments	Monday	2.0	6.0	-
Coats Viyella	Thursday	3.0	6.0	-
Costain Group	Thursday	4.75	7.5	-
Daniels S	Friday	1.25	1.25	-
Delta	Tuesday	3.9	9.3	-
Edmond Holdings	Tuesday	0.65	1.2	-
Elys (Wimbledon)	Friday	1.0	13.5	-
Erith	Wednesday	1.3	2.6	-
Fairey Group	Monday	2.4	5.0	-
Firstland Oil & Gas	Thursday	-	-	-
Fisons	Tuesday	2.35	3.85	-
Gowrings	Wednesday	2.25	3.3	-
Hall Engineering	Wednesday	6.6	5.34	-
Hartons Group	Tuesday	0.1	0.1	-
Hewitt J & Son (Fenton)	Tuesday	1.0	1.0	-
Home Counties Newspapers	Tuesday	2.5	5.5	-
Kleinwort Benson Co Inv Tst	Wednesday	2.5	3.15	-
Laing John	Wednesday	3.0	10.0	-
Laser-Scan	Monday	-	-	-
Legal & General	Thursday	5.2	10.6	-
Manders (Holdings)	Monday	2.0	4.85	-
Matthews Bernard	Thursday	1.0	2.0	-
More O'Farrell	Wednesday	3.2	10.0	-
Morgan Crucible	Monday	5.3	6.7	-
Nurdin & Peacock	Wednesday	1.68	2.92	-
Ocean Group	Wednesday	4.24	9.19	-
Olives Holdings	Thursday	3.0	6.0	-
Page Michael	Tuesday	0.6	1.2	-
P-E International	Monday	1.7	3.9	-
P & O Steam Navigation	Monday	12.5	17.0	-

FINANCE & THE FAMILY

'Til love or money do us part

Philip Coggan, personal financial editor, looks at planning for the future

THE VOWS say 'Til death us do part, but money worries are one of the greatest potential strains on a young couple's marriage and one of the most frequent causes of divorce.

Cohabiting couples can also find that their relationships are soured by the unwelcome pressures of finance.

Finances are thus an urgent priority once the early romantic glow begins to fade. One decision may already have been taken – whether to buy or rent a house.

In spite of the problems of the housing market, most advisers agree that it is still best to buy if you can afford it.

Below £30,000, tax relief means that a mortgage is a very efficient means of borrowing. But couples, especially those planning to have children eventually, should be careful about borrowing a very large multiple of their joint earnings.

John Upward, senior manager, personal financial planning at National Westminster Bank points out that, if taking out a mortgage on the basis of both husband and wife's earnings, "there should be the reasonable expectation that the husband's salary can quickly rise to the level of joint earnings," in case the wife gives up work for children.

Borrowing on a multiple greater than three times the salary of the highest-earning partner risks financial problems later on.

There is no absolute guide to the type of mortgage you should choose. All the non-repayment mortgages – endowment (with profits or unit-linked), PEP-linked and pension – involve paying a little extra now in order to get surplus funds when the mortgage is repaid, 25 years or so hence.

Such mortgages involve paying interest only, so they will qualify for tax relief throughout their life, which may be particularly attractive if one or both partners is likely to become a higher rate taxpayer.

In the later stages of a repayment. mortgage, most payments are capital and thus do not qualify for tax relief.

However it is worth bearing in mind that financial advisers recommend endowment, and other savings-linked mortgages, because they earn commission. And if you abandon an endowment mortgage in its early years, you will get a very poor return on your investment.

Taxation is another important issue if you take on a mortgage. The introduction of independent taxation of husbands and wives allows a couple to reduce their interest bill. If one partner is in the high rate tax band, and the other on basic rate, it makes sense for the former to be allotted all the interest payments and get the extra relief. The same principle applies if one partner pays tax and the other does not.

The *reverse principle* applies with savings. It makes sense to put all investments in the name of the partner with the lowest tax rate, so that as little tax as possible is paid on any interest or dividends. Unmarried couples planning such a move, however, will need to be highly confident that the relationship is long term.

Once a house is acquired, what other financial areas does a couple need to consider?

The period before children are born can be a time when a couple has its greatest level of disposable income. Salaries may increase as husband and wife are promoted, but if they have children, they face the loss (temporary or permanent) of the wife's income, the cost of child-rearing, and, possibly, school fees. After the children have left home, the couple may feel comfortably off, but they will quickly face retirement.

But even as young couples *start to uncork the champagne*, investment advisers will be at their side, coughing discreetly, and suggesting other, more sober uses for their money.

The first suggestion is likely to be life assurance. If the partners have disproportionate incomes, the death of the highest earner would make a severe dent in the survivor's income. The deceased's employer may pay some benefits and those with endowment mortgages should find all or part of the house debt repaid, but some couples may think that further cover is necessary.

Term insurance is the cheapest option, but it only pays out if you dies within the allotted period. If you survive, you lose all your contributions. However to *think* of such money as "wasted" is akin to thinking that money spent on insurance is pointless if your house *never gets burgled*.

Other types of insurance policy are basically long term savings plans with life cover attached. There may be some attraction for those who eventually want children, since it is agreed that greater life cover is needed when providing for families. And generally speaking the earlier you apply for insurance, the cheaper the premiums will be. But such policies are a drain on the monthly income and involve long term commitment if the holders are to see the full benefit.

The next provision that the financial adviser may suggest is some kind of sickness insurance. According to Allied Dunbar, statistics show that men are five times more likely to *suffer an accident or illness* that stops them working for six months or more, than they are to die before they reach 65.

Employers may pay up for a while, but it is worth finding out how generous they are likely to be. Sickness insurance, for a relatively small monthly cost, can guarantee to pay a reasonable proportion of your salary if you are ill for more than six months.

An employer's pension *scheme* should also be checked. Small employers may use the State Earnings Related Pension Scheme (Serps) rather than establish their own scheme. But if your company is part of Serps, then NatWest's Upward says that "it is advantageous for those under the *age of 45 to opt for* a personal pension scheme instead."

Those who work for companies which have opted out of Serps face a trickier decision. On the one hand, if the employer is contributing to the scheme, it makes sense to enjoy the benefit. But those who are likely to frequently change jobs may be better off taking out a personal pension. Most company pension schemes penalise early leavers.

It may also be worthwhile adding to a company scheme via additional voluntary contributions (AVCs) which are eligible for tax relief, provided your total contributions are less than 15 per cent of your salary.

But be careful not to overcommit yourselves. If both members of a couple have endowment policies, life and sickness insurance and personal pensions, they could find that several hundred pounds a month are tied up.

What if, having covered yourself against death, disease and old age, you have some savings left over? Much depends on whether you eventually plan to have children.

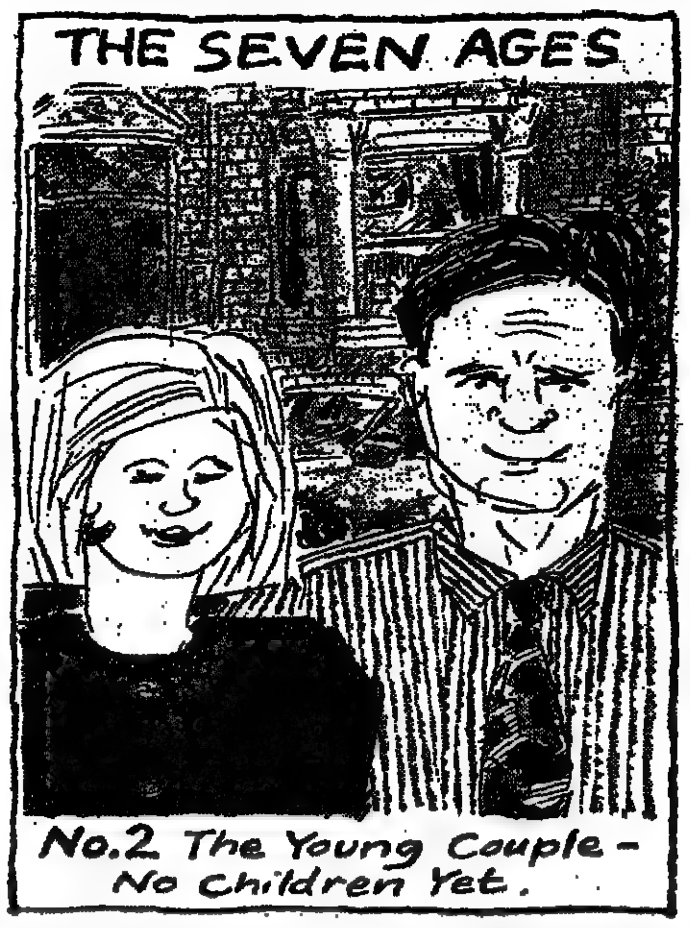
According to Geoff Bailey, senior manager, investment services at Lloyds Bank, one good way to build funds for *when a wife stops working is* to invest in an offshore roll-up fund in the wife's name.

No tax is paid until the money is withdrawn, and a non-working wife will then have substantial unused tax allowances.

Ian Knight, sales manager of *Midland Personal Financial* Services, says: "I would advise anyone to invest in three specific areas. Around 25 per cent should be in "ready call" monies (such as a bank or building society account) to cover unexpected contingencies or forseeable commitments such as holidays."

"Another 25 per cent," says Knight, "should be in guaranteed investments such as gilts or national savings certificates. And the remaining 50 per cent should be in equity-based investments, which offer capital growth and long-term protection against inflation.

Personal Equity Plans (PEPs) may seem attractive, but basic rate taxpayers may find that the charges outweigh any tax benefits. And like many of the other areas mentioned here, investing in equities is a long-term affair.



DIRECTORS' TRANSACTIONS

SHARES of McCarthy and Stone, the retirement homes group, have fallen from a high of over £6 in the early '80s to around 40p. Directors were sellers in 1987, but are now buying large numbers.

The share price of Allied Colloids, the chemicals manufacturer, has fallen by over 30 per cent since the chairman sold 10,000 shares in June. Six directors are now buying in unison.

Plaxton Group has suffered from the downturn in the commercial vehicle market. In a year, the share price has dropped from 240p to around 80p. Four of the five directors have been buying stock.

The chairman of Goldsmiths Group, the jeweller floated this year at 150p, has purchased 500,000 shares at 69p.

The purchase of stock in Sims Food Group was done by D B Gunner from F W Fearman, a company in which he has a beneficial interest, followed by a larger sale by that same company.

Shares in Select Appointments, the employment agency, were sold by the wife of chairman Robert Klapp on July 17, during the "close period" before the company's results when directors, spouses and their children are forbidden from dealing. However, Klapp and his wife are estranged and the company did not learn of the sale until late August, when it was duly announced. What adds piquancy to the tale for shareholders is that Mrs Klapp sold at 78p, whereas the shares have since slumped to 15p.

Angus Macdonald, Directus

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

Company	Shares	Value £000's	No. of Directors
SALES			
Clark (Matthew)	4,000	14	1
Explaura Holdings	1,000,000	320	1
Mercury Asset Management	10,000	56	1
Select Appointments	19,464	15	1
Sims Food Group	300,000	576	1
PURCHASES			
African Lakes	25,000	21	1
Allied Colloids	16,000	18	6
Archer (AJ)	11,000	10	1
BPB Industries	9,000	18	1
Bridon	14,500	20	1
Brown (N)	10,000	18	1
Creighton Natural	10,000	12	1
EMC	20,000	17	1
Gardner (DC)	50,000	82	1
Goldsmiths	500,000	345	1
Heath (Samuel)	10,000	14	1
Hill & Smith	10,000	11	1
Latham (James)	10,000	20	1
McCarthy & Stone	80,000	21	1
Maxwell Communications	10,000,000	n/a	1
National Home Loan (Ord)	12,200	12	2
Plaxton	150,000	119	4
Sims Food Group	94,450	208	1
Tarns (John)	30,000	25	1
Wood (John D)	20,000	10	1

Companies must notify the Stock Exchange within five working days of a share transaction by a director. Included in this list are all transactions with a value over £10,000. Information announced by the Stock Exchange August 28-31 1990.

SOURCE: DIRECTUS LTD, Edinburgh

Validity of deed of covenant

Q&A
BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

IN 1985 I executed a prospective deed of covenant in favour of my son, who was then a minor. The deed was to begin on September 1 1990 after his 18th birthday in July, to run for seven years or until he ceases to receive full-time education. Payments of £1,000 are to be made three times a year – on September 1, January 1 and March 1.

The Inland Revenue approved the deed in March 1985. This month my son begins a three-year sandwich course for a national diploma at a horticultural college.

The first and third years will be full-time study; the second year will involve employment and a salary in some branch of horticulture. If he is successful, the diploma will be awarded at the end of the three years.

My questions are:

1. I presume that my covenant is still valid, In spite of the Government's subsequent move to end the tax advantage of covenants of this kind?
2. If so, then I should have no difficulty in applying the covenant *during* my son's first year at a time when he has no other source of income. But what happens in his second year? On the one hand it could be held that my son will not be in full-time education, on the other it could be argued that his sandwich year is integral *to his course*.

I presume that a ruling on this question exists. I propose, to continue to pay the covenant, even though the tax advantage would almost certainly cease, to ensure that the deed does not lapse through non-compliance.

3. I presume that the deed will become operative again during my son's third year, when he resumes full-time study at college and will again have no other income.

■ 1. Yes.

2&3. It is difficult to advise you without seeing a copy of the deed. Your best source of advice would, of course, be the solicitor who prepared the deed. Subject to the precise wording, it is quite likely that your obligation to make payments under it will (permanently) cease after the third payment, due on March 1 1991.

It is possible that, if you continue to make the payments, a tax inspector will not pursue the point of whether you are under a legal compulsion to continue the payments beyond March 1991.

We have never recommended the incorporation of educational conditions in deeds of covenant, but unfortunately it is too late to do anything about it now.

Where's our poll tax bill?

WE ARE a family business and own the freehold of our premises. We do not live over the shop but use the space for storage and stock. We paid rates *on* the premises, but since the community charge was introduced we have heard nothing from Birmingham City Council, although I have written to them four times, twice sending letters recorded delivery.

What is my next course of action?

■ It would appear you are not liable to pay the community charge, but would be liable to pay the uniform business rate. There does not seem to be any decision or demand for you to appeal against.

Your better course would be to assume that the valuation of the shop on which your business rate is based has correctly taken account of your use of the upper part for storage.

Inheritance tax liability

MY MOTHER and I have lived in our home as joint tenants since 1974. We each provided 50 per cent of the capital to acquire it, my mother paying cash and I paying a small amount of cash and taking out a mortgage.

The mortgage was in joint names, but I was fully responsible for making repayments out of my salary. I was allowed tax relief on 100 per cent of interest payments. I recently paid off the sum outstanding on the mortgage.

In the event of my mother's death, would the 50 per cent share of the property I would inherit from her be chargeable to inheritance tax?

My brother, who lives elsewhere, and I would expect to inherit my mother's estate in equal portions, although she has not made a will.

As her other assets would presumably be divided equally, would a deed of family arrangement be necessary to achieve an equal division of the whole estate, including 50 per cent of the house?

■ The value of a deemed *half* share in the house will be included in your mother's estate for inheritance tax purposes and will thus be chargeable to inheritance tax if the rest of her estate is not less than £128,000.

Batman and the taxman

FOR many years I have collected British and American comics. *As you will know they* have become highly valuable in recent years, especially older issues such as Batman. They are secure at the moment in a bank vault, but I am interested in the CGT position if I eventually sell them individually or in sets.

■ CGT will be payable on any sets sold for more than £6,000 (before deduction of auctioneer's commission, etc), subject to your annual exempt amount.

If the sale price (before commission, etc) is not a great deal higher than £6,000, the marginal rate of CGT may effectively be 60 per cent or more.

If the sale price does not exceed £6,000, there will be no CGT liability.

If the physical state of a set of comics is such that its useful life as a collector's item is less than "50 years and a day," there will be no CGT liability in any event – no matter how high the sale price.

There are provisions designed to prevent you from splitting sets in an attempt to keep below the £6,000 threshold.

The cost of ascertaining the market value of sets (or part of sets, etc) at March 31 1982 will, in principle, be deductible in calculating the chargeable gains.

You will find the rules in section 128 of the Capital Gains Tax Act 1979, as amended. In a local reference library, for example, you could look in volume G of Simon's Taxes.

Medical expenses

WE ARE two partners of the same sex who share two homes in which we live. Each of us owns one of the homes.

In the case of the death of either partner, the home is left to the other under the terms of each will. However, we are concerned *that*, if one of us was admitted into long term care, the home could be sold to pay for the residential stay.

Is there any means whereby this contingency can be covered so that the two homes remain available for the one partner, however long the care *may last*?

■ The position is not that there is any power to sell the home of a patient in long term care, but that there will be no funding available from the Department of Social Security if the patient has or is deemed to have sufficient disposable capital.

Thus, whether you maintain the existing arrangement or place both properties in joint names. it may become necessary to charge or sell the interest of the patient in the relevant property to raise enough money to pay for his maintenance in a home.

You would need to assess the value and marketability of each property in order to arrive at an informed decision whether to opt for joint ownership of both properties.

MINDING YOUR OWN BUSINESS

Martin Regan looks at a company which thinks small

Cool hands and minds after the fire

"IT WAS a setback, but business is all about setbacks." David Booth, a director of the small model-making business, Vision UK, could easily be discussing the cancellation of a minor order, rather than the fire which earlier this year gutted his company's industrial unit in Manchester.

It was a cruel blow, coming only days after the company had used its retained profits to buy the building.

But Booth remains an optimist. "We were fortunate in that we were comprehensively insured. The fire happened on a Wednesday; by the following Monday we were back at work".

From temporary premises nearby, Vision UK is now back at full production, making models to one-off designs, a niche market which includes architectural model-making and electronic working models for museums.

Booth, 37, a former salesman, set up Vision eight years ago with fellow directors Barry Coggan, Paul Coggan, and Phillip Howard. Each partner put in £2,000 capital.

The company's launch coincided with growing public interest in industrial heritage and a regional property boom. Within a year, Vision had moved production out of a friend's shed and into a small industrial unit at Deansgate, Manchester.

Turnover was £16,000 in the first year and has grown steadily ever since. This year it is expected to exceed £300,000 and profit margins will be well into double figures.

The company has built up its client base mainly by word of mouth. Regular customers include British Nuclear Fuels, Manchester Museum of Science and Industry, and Jodrell Bank, the radio telescope facility. The company was also responsible for making all the models for Manchester's bid to host a future Olympic Games.

Model-making, explains Booth, is a highly labour-intensive business. Sophistication in design has meant that a single model can cost up to £30,000. Even with the use of relatively expensive materials, like perspex and timber, labour costs still account for 85 per cent of the overall price. Vision charges out time at around £500 per man week. Costs can escalate rapidly with overtime.

"Many of the jobs we get are last-minute. Someone will need a model for an exhibition and is prepared to pay whatever it takes to get it done", says Booth. "Non-stop shifts of 20-30 hours are regularly worked to meet a particular deadline".

The company employs nine model-makers and a secretary/receptionist. However, the need to take on non-fee earning staff will hit margins in the future. The directors themselves are having to concentrate more on managing and less on model-making as the business develops.

A huge amount of professional advice was taken before the company was formed. Booth is an ardent believer in listening to the experts. "A lot

> "Non-stop shifts of 20-30 hours are regularly worked"

of what we heard when we were starting seemed irrelevant, but after two or three years you have a problem, and you look back and think — they said this would happen. It took us 12 months before we were ready to go ahead, but we knew exactly what we wanted and how we intended to operate. We were determined not to do things by the seat of our pants."

Although the economics of model-making are not complicated, pricing the individual models is difficult. With architectural models, the company works from detailed drawings, but with other clients the brief can leave a lot to be desired.

"We've had people come in with drawings scribbled out on the back of a cigarette package. Sometimes we work simply from a phone call," explains Booth. "Once we price a job, providing the specification is unchanged, we stick by that price. You have to know the time it takes for everything."

Cautious financial management is another company trait. The company retains a significant percentage of yearly profits and only now are the directors paying themselves a market wage.

"The model-makers are still taking home more than the directors," says Booth. "But if we pay ourselves too little it tends to flatter the books."

The main drawback to growth, apart from the difficulties of recruiting model-makers, has been the unpredictable nature of cash flow. A single job can take three model-makers six months. If a batch of large orders come in at the same time, the company has to carry its costs from its £15,000 overdraft facilities.

"If cash flow is tight then we ask for a percentage of the price with the order," explains Booth. "Otherwise it is strictly cash on delivery."

The fire has exacerbated cash-flow problems, while a downturn in regional construction activity is likely to hit turnover. Booth says only a third of turnover comes from architectural models. Diversification into new markets such as vacuum forming (a method of making industrial prototypes) will offer the business some protection, he hopes.

In spite of eight years of rising profits he does not underestimate the problems. "In 1985 we made the mistake of thinking we could sit back and relax, so we did. But when our six-monthly accounts were done we had the shock of our lives. Now we don't even think about relaxation..

■ *Vision UK Ltd, Unit 4, Bentinck Street, Manchester M15 4LN (tel 061 834 2894)*

"We don't even think about relaxation," David Booth of Vision UK with the model of the proposed Manchester Olympic site

Roy Hodson on a hobby that has turned into a lucrative concern

The profitable art of war

AFTER three generations in the shoe business, first in manufacturing, later in retailing, the Cohen family concluded during the 80s that the days of the independent shoe shop were numbered.

As head of the firm, David Cohen closed their last shop in Bayswater, London, eight years ago and looked for another career.

The City of London beckoned, but it was a brief affair. David is now running a successful business which occupies as specialist a niche as you might find. It is based on his twin life-long passions — the fine arts and military history.

He is 51, too young to remember the First World War. Nevertheless that terrible conflict is his great interest. He has served as chairman of The Western Front Association which exists to keep the memory green — and which still has almost 3,000 members.

Linked to his natural interest in, and feeling for, the world of art, his research into military history led him to start assembling a private collection of First World War art.

Five years ago, with no clear means of earning a living ahead, he looked at his burgeoning military art collection crammed into his home in north London, and decided to try to turn his hobby into a business. It was a high risk adventure that has paid off.

Now he has a basic stock of paintings, statuettes, and bric-a-brac conservatively worth £80,000, and he is building his livelihood, and a reputation as a specialist art dealer, on a series of exhibitions.

Three or four days each week he tours the West End salerooms looking for material which will enhance his collection, and which is available at prices he can afford. He also makes extensive use of contacts outside London to look out for pieces for him.

A bronze of a Royal Flying Corps pilot was his most astute purchase. It eventually sold for £16,500. But most of his paintings sell for between £100 and £2,500. He has built a clientele of private collectors and also has good connections with the military museums, which are eager buyers when they can find the funds.

David, helped by his wife Judith who is a school secretary, started turning his collection from an amateur affair to one with professional status with the aid of a residual lump of capital of about £14,000 which remained after the last shoe shop folded. His first London exhibition was called The

> 'You have to work hard to make a modest living'

Great War and was shown in the West End in late 1985. He had spent about a year getting together the material.

Judith organised the publicity for that first exhibition, and the later ones which have been staged at roughly yearly intervals, working from her dining room table. Both David and Judith have found that working from a suburban London home is no handicap when building up a small business. And it has a magical effect on containing administrative costs, to reasonable levels.

Profits have been scarce, however, in the first years of the Cohens' pitch into military art. The first exhibition turned over £22,000 in sales — "paying for itself with a little bit left over," says David.

The following year he made a £20,000 sale of a collection of sketches. Since then it has been a question of carefully conserving capital to purchase new art works.

Most of his sales are made at the time of his annual exhibitions when publicity for his art works peaks. Another Great War exhibition he staged two years ago took £60,000 and made £20,000 profit.

During the coming year David expects to turn over about £45,000 in his art dealing in the military history area plus perhaps £20,000 in sales after his next exhibition closes. The profit on those transactions is unlikely to be more than £22,000. As he says, "You have to work hard to make a modest living in this kind of art dealing."

His current preoccupation is, what should he do next? Having established himself in a specialised corner of the art world with his military history of the Great War, should he follow his inclinations and expand his field to cover 19th century military art as well?

The problem is that works in that category cost twice as much as 20th century material. He would need to put up at least £80,000 to fund each future exhibition. Alternative ways forward would be to run smaller exhibitions or to open a small gallery somewhere. But that would mean loading himself with overheads, and the costs of hiring at least one assistant to look after the gallery while he is out scouring the markets for stock.

The problems of initial success still need answering by David. Meanwhile, he is concentrating on preparing for his next, and biggest, Great War Exhibition of military art which will be held in the King Street Galleries, London, next year, coinciding with the 75th anniversary of the Battle of the Somme.

David Cohen, military art dealer, 67 Northway, London NW11 6PD (081 455 0863).

Alan Harper

Military art historian David Cohen with bronzes in his home in Golders Green, north London

PERSPECTIVES

Poker with the crocodilians

*Anthony Holden gave up writing for a life of gambling. Over cod and chips he told **Michael Thompson-Noel** about the size of his mortgage*

TWENTY-FOUR hours ago the Limey in the shades – known on the world poker circuit as "London Tony" or "Golden Holden" – had had $200 in his pocket. Now he has about $3,000, so it is time to take a seat in the highest-stakes game in the Dunes casino's card room: a $2-$5-$10 Pot Limit Hold 'em table at which all the players appear to have at least $5,000 in chips stacked in front of them.

On his first hand Golden Holden is dealt K-4 suited, and the flop (the unveiling of the first three communal cards) reveals K-4-3. Holden has two pairs, kings up, so he bets the pot: $200. His opponent, a cove named Charlie, raises the maximum, $800, and Holden calls. Could Charlie have three threes to London Tony's pairs? Quite possibly he could, but the turn brings another king, so Golden Holden has attained a full house. He bets the pot again – $1,800, almost everything left in front of him. Charlie naturally matches him.

Eventually, Golden Holden scoops in a $6,000 pot, of which $3,060 is profit – the biggest single hand he has ever won in Las Vegas. By the time Golden Holden catches a cab back to his own hotel he has $9,000 in his pocket, which feels like $1m as he

'Poker money's not real. It's the method of keeping score'

rustles it and fondles it and counts and recounts it in the palpitating darkness of the home-rushing cab.

So passed a night in a year in which Golden Holden – Anthony Holden, ex-prizewinning UK newspaper columnist turned writer and biographer – set aside his status as an amateur poker player, as well as what passes for a normal life, to see if he could cut the mustard on the international professional poker circuit.

He could, and did. At the close of a bizarre 12 months, capped by a second consecutive appearance in the world poker championships in Vegas, Holden calculated that his precise net profit as a professional poker player had amounted to $12,300 after covering all costs, including crossing the Atlantic 16 times in eight months.

And there is a book to commemorate his hair-raising year: *Big Deal: One Year As A Professional Poker Player*, which will be published in Britain on September 20 and will further burnish Holden's reputation as a bankable author.

Apart from Red Rum and the 101 Dalmatians, I have very few heroes. But Holden is one of them – Lancashire-born, Oxford-educated, an uncannily fine Atticus columnist for the *Sunday Times*, Washington correspondent of the *Observer* and then assistant editor of *The Times* before storming out of journalism and severing his links with Rupert Murdoch's dour empire the day that Harold Evans was sacked as *Times* editor. Evans is now a buddy, and was one of two best men – yes, *two* best men – at Holden's recent posh Cape Cod wedding where he twinned his fortunes with those of American novelist Cindy Blake. It is Holden's second marriage.

After his stormy quitting of the Murdoch empire, Golden Holden became a full-time writer and broadcaster, winning laurels for his biographies of Prince Charles and Laurence Olivier as well as translating Greek pastoral poetry for Penguin Classics and *Don Giovanni* and *The Barber of Seville* for Jonathan Miller at the English National Opera.

"Even more satisfying than a big poker win," says Holden, "is going to the Coliseum (in London) and hearing my words sung to Mozart." He lives in Hammersmith, supports Arsenal and still plays poker every Tuesday night with a group of cronies that includes Al Alvarez, author of another fine poker book, *The Biggest Game In Town*.

Poker face: Anthony Holden went from Prince Charles to Dunes casino

Holden is 43. He has charm and fine stories and can name-drop like a champion. He wears shades, naturally. There are pouches beneath his eyes, but he is surprisingly unbattered. Behind the charm and warmth, though, lurks the brain of a rattlesnake. Otherwise he wouldn't have survived a year on the poker circuit among crocodilians like Stu "The Kid" Ungar, Johnny "The Orient Express" Chan and the incomparable "Amarillo Slim" Preston, a Texan legend, and former world champion, who maintains a constant flow of needling backchat at the poker table. "I'm 65," Slim will say, "and I've been playing poker for 100 years ... Come on, let's build that pot till it's higher than a dawg could jump over."

Despite his Oxbridge accent – a bit of an asset in Vegas – Golden Holden made one concession to flashness when cavorting with the pros. Professional poker players measure each other by their jewellery. Gold Rolex watches are virtually standard issue. To help him pass muster, Holden's wife-to-be – referred to as the Moll throughout *Big Deal* – presented him with the most spectacularly kitsch timepiece either of them had ever seen: a gold-banded wrist-watch whose face showed the king of diamonds studded with *diamanté*. It brought him a kind of luck.

The other day, lunching with Holden in a Notting Hill fish restaurant – he ordered cod and chips, mushy peas and half a bottle of white – I wondered whether my interviewing technique, which can be surreal as well as devious, would be robust enough to pluck from London Tony a precise measure in megabucks of his advance payment for *Big Deal*. *Big Deal* is a Book of the Month Club selection in the US, and on both sides of the Atlantic will be greeted as a classic.

Like all great interrogators, Holden can be blank when he puts his mind to it. I asked him about the advance.

"*Big Deal* has got very nice jacket quotes from people like Telly Savalas," said Holden calmly.

I persisted. "The advance for *Big Deal*. Has it made you rich? Are you

'Come on, let's build the pot higher than a dawg could jump'

rich anyway? I imagine that you are."

"I earn well," smiled Golden Holden, "but I tend to spend it better. I have a shockingly large mortgage and three sons in private education from my first marriage, all of whom have developed into irritatingly good poker players. With my outgoings, I have to earn £100,000 a year before starting to spend any money." (In a long list of acknowledgements at the back of *Big Deal*, Holden expresses his indebtedness, "for obvious reasons," to his bank manager, Mike Porter, and his accountant, Terry Lee, as well as the members of his Tuesday Night Game, plus any others "who lent me money or gave me time to pay").

"So what about the advance?"

He forked in some mushy peas.

"It was certainly a generous one."

"As much as you got for *Charles?*"

"Curiously, not much less than I received for the Prince Charles book."

"Big six figures?"

"US plus UK? About six figures."

"A quarter of a million? Between three hundred thou and four? Stop me when you hear it ..."

"... Alright," said London Tony. "I suppose I don't have to be coy. Including serialisations, the figure is £150,000. But I have a shockingly large mortgage ..."

I asked him what it took to be a high-class poker player, and he said: "Aggression. Self-discipline. Ruthlessness. Above everything, the top pros stress self-discipline: waiting for the right cards and situations. In addition, you must be totally indifferent to the value of money in its real sense. Poker money's not real. It's the method of keeping score."

"*Is poker similar to journalism?*"

"Well ... journalism is immensely competitive. The best journalists are always risk-takers."

One of the best encounters in *Big Deal* occurred between Holden and Rupert Murdoch, plus Murdoch's wife Anna, at Heathrow airport seven years after Holden quit *The Times*. Holden had heard that Murdoch bore him no ill will. Indeed, "in a long-term, arm's-length poker game, I had taken some satisfaction in accepting large amounts of his money for the serial rights to two of my books, joking that it made up for the golden handshake I had waived on stalking out of his life."

At Heathrow, Murdoch extended a hand of greeting and asked where Holden was going. Holden said Las Vegas, to "represent Britain in the world championships of poker" – a pardonable exaggeration.

Murdoch's eyes lit up. "Poker, huh?"

Anna Murdoch asked Holden about the qualities of a high-class tournament player.

"Ruthlessness," replied Golden Holden, "and aggression. In fact" – nodding towards her husband – "*he'd* be very good at it."

Anna laughed gratifyingly. Murdoch was not amused. She leant forward confidingly.

"You know," said Anna, "the children won't play poker with him any more. Whenever he suggests a game, they say: 'Oh, no, Dad, you always want to win so much that it's no fun for the rest of us.'"

"Nonsense," snapped the Digger.

"You know it's true," said Anna.

As befits a translator of Aeschylus' *Agamemnon*, Golden Holden brings to *Big Deal* the sort of tone rarely encountered in books about poker. For example, he says that to hold your own against the low-stakes regulars at the Golden Nugget casino in Vegas – he calls them the world's tightest players – "requires large quantities of patience – the one quality which, in life, has never been my

'The book has got very nice jacket quotes from people like Telly Savalas,"

strong suit. The solution, I discovered after a few years, was to sit there wearing a Walkman. Some Mozart in *my ears (perdono, Amadeus, perdono)* seemed to give me the patience I needed to lie in wait for a strong hand. It shut out the casino clatter – 'Seat open on Table Five,' 'Cocktails, Table Three' – which can lay on a cumulative earthquake of a headache. The trouble was that it also shut out the table talk, which is very much part of the cut and thrust of a developing poker hand. Every time some interesting cards came my way, I found myself fumbling under the table for the volume control."

Does the world *need* another poker book? As Holden reports at the end of *Big Deal*, the Gambler's Book Club, five minutes from downtown Las Vegas, is the British Library of received gambling wisdom. Its curator, Howard Schwarz, stocks several thousand volumes covering every imaginable aspect of gaming, old and new. His mail order catalogue lists almost 100 current books about poker, mostly manuals.

Whether manuals or "general," few poker books can be recommended on stylistic or literary grounds, says Holden. "There are honourable exceptions, such as Alvarez and (David) Mamet. But the absence of eloquent writers from the rarefied world of big-time poker is otherwise as regrettable as NASA's failure to send a poet to the moon."

Holden is certainly eloquent. And a marvellous reporter. And as gutsy as Red Rum. Apart from his year on the pro tour, his book provides perfectly paced excursions into the *history*, psychology and folklore of poker and gambling. In terms of his personal *finances* – "I have a *shockingly* large mortgage," he said for the third time in the fish restaurant, "and three sons in private education" – *Big Deal* could well prove a notable deal indeed.

Next stop: the Oscars. Golden Holden's book-in-progress concerns the politics of the Hollywood Oscars, and is timed for publication just prior to the tinselled ceremonies in 1992. "It's an unbelievable business," he says in awe. "The sums of money are fantastic." In fact, his book about the Oscars could well be the 'nuts' (*nuts*: poker parlance: an unbeatable hand at any stage of the game; see also *lock* and *cinch*).

■ *Big Deal, by Anthony Holden, will be published in the UK on Sept 20 by Bantam Press at £14.99.*

Death of a trout stream

***Tom Fort** on pollution in the heart of the English countryside*

ONE MORNING this week I walked up as enticing a trout stream as any hidden in the valleys of southern England. It wound a sinuous, leisurely way through woods and by meadows, its weed waving cheerfully in the current, its shallows bubbling, its pools *quiet and deep*.

But something was horribly wrong. The surface was unbroken by *signs of life. A shadow* over the water provoked no answering scurry across the gravel bottom. I called it a trout stream, and so it was. But the trout had gone.

The little stream is the River Wey, which rises near Alton in Hampshire, and flows through Surrey to join the Thames at Weybridge. Until a few weeks ago it was the picture of piscine vitality. Inside an hour one evening in the mayfly season, the owner, Peter Whitfield, caught and tenderly returned six trout of between 1¼ and 1¾ lbs.

Whitfield – who has cherished and nourished his two miles of river for the past 20 years – was a witness to the consequences of the disaster which struck early in August; a disaster none the less outrageous for its familiarity.

He was accustomed to pause at the bridge near his farmhouse each morning to pay his respects to the half dozen or so well-fed brown trout which patrolled the pool above. On this morning he noticed that the water was manure-brown. A few coarse fish fluttered at the surface in de-oxygenated death throes. The trout, almost all of them, were already dead.

Some might take the view that the pollution of an insignificant brook preserved by a landowner for the amusement of himself and his chums is a matter of little moment. But the Wey is more than that.

Although they may not *know it, those who have* enjoyed wonderful brown trout fishing in New Zealand, Tasmania or Australia (not me, I'm sorry to say) owe a debt to this stream. For in 1864, the first trout eggs to be transferred successfully to the southern hemisphere came from three English rivers noted for the excellence of their stock – and the Wey was one of them.

In our time, the Wey has had a special quality derived from Peter Whitfield's enthusiasm for preserving the *wild* creatures of the countryside. He has maintained his two miles as a fishery for indigenous brown trout. There were no stocked fish here, no arriviste to dilute the strain – just pure-bred, red-spotted, deep-bodied, sporting trout, exciting admiration just as their forebears did in times past.

This is a very unusual state of affairs. Almost all the rivers of southern England capable of supporting trout of significant size and insignificant numbers are now "managed" for sporting purposes. In effect, this means that the vast majority have trout from other sources – usually fish farms – introduced to *satisfy* demand.

So, Peter Whitfield's loss was a particularly painful one. He knew what to do though. He summoned officials from the National Rivers Authority. He took water samples. They took samples. It seemed that the source of the pollution was the *sewage treatment works* a couple of miles upstream at Bordon, the responsibility of Thames Water. Whitfield awaited news that a prosecution was to be brought.

Instead, he has been forced to familiarise himself with a pernicious piece of nonsense, known as the "95 per cent rule." This was incorporated in the water privatisation legislation as *one of several means* by which the new water companies might escape the consequences of their actions.

In this case, it means that the Bordon sewage works *could fail three of the 26* checks made each year on the quality of discharge without *risking criminal* prosecution – although it should be emphasised that, at this stage, Thames Water is not admitting responsibility; it says the matter is still under investigation.

The NRA *has its detractors*, those who say it has neither the will, the teeth, nor the resources to discharge its function as the police authority of our waters. I am not among them, which is why I hope the authority will adopt a course still open to it, to take civil action over the Wey pollution.

Should the NRA decide not to, Peter Whitfield – a rich and resourceful businessman, as well as a naturalist and sportsman – is likely to take proceedings himself.

Whitfield's further purpose – and that of the local NRA fishery officers – is to reinstate the river. This means, in the first instance, securing stock from other riparian owners fortunate enough to live above the sewage works. Several have already been approached, and say they will be glad to help.

Rivers have wonderful regenerative *powers. Given* time and determination there seems every chance that the trout will return and that the little stream will live again.

Genius of the Place

Quantock intoxication

MID-AFTERNOON. A Somersetshire village set in a breezeless patch of high summer. An old lady emerges from a village shop. As she totters up the street, she stops to sniff a rose: one of the many roses spilling from a garden wall. Tomatoes are on sale on a cottage doorstep. You can put your money in a nearby flowerpot.

The steady genialities of the commentary team at Lord's trickles from a roof-mender's wireless. From an alehouse, the click of billiards; from hedges, the noises of insects in caucus. Beyond the cottages there is a prospect of cornfields, beech and oak.

This is what we miss abroad: the signs of what I take to be "spiritual, Platonic old England," a phrase coined by Coleridge. It is a pleasure to record that at least one of Coleridge's cherished English places, the Quantock Hills, retains Platonic or ideal qualities. The Quantocks are hills, not mountains, but that does not diminish their power to "act upon the mind." The ferny Xanadu of combes and glens that Coleridge knew (and shared with William Wordsworth) survive. Poetic footpaths may be found, and it is not too far to walk to the shores of Bridgwater Bay and the surrounds which launched *The Ancient Mariner*. It is satisfying to find this landscape relatively unblemished since Coleridge, the literary critic, did so much to shape the conception that certain places almost irresistibly prompt poetry. I do not know, however, where one procures the Coleridgean catalyst of opium.

Coleridge was a mischievous young man when he lived at Nether Stowey on the edge of the Quantocks. The radical friends who came to stay excited the attention of the Home Office, and files were opened on the spy ring Coleridge was suspected of conducting. It seems somehow typical of England that the Home Office should send someone to investigate, and equally typical that, with revolution brewing across the Channel, the leading English radicals were discovered to be obsessed with nightingales. The pseudo-scientific way in which Coleridge and Wordsworth walked this area is nicely recorded in the journal of a third party, Dorothy Wordsworth. And since the trio walked as readily through night as through day, one can understand how local suspicions might have been aroused.

There is not a lot to see at the Coleridge Cottage: one simply has to remember the marvellous lines written by the poet while he lived there, especially *Frost at Midnight*. The sword of Private Silas Tomkyn Comberbacke of the Light Dragoons is the one truly curious exhibit.

Comberbacke enlisted while still a student at Cambridge, and was distinguished by his inability to sit on a horse. He lasted no more than a few months – about the same period that I endured the Territorials. I can vouch for the plausibility of Coleridge's discharge on the grounds of insanity. Quoting Thucydides in the barracks is, in army terms, the act of an imbecile.

There are places to stay at Nether Stowey, but I would recommend proceeding to Holford, and the Alfoxton Park where the Wordsworths stayed in 1797-98. It still stands in its *generous grounds*, and provides an excellent base for exploring the hills. Its style is *comfortable and unfussed*. Meals come from livestock and produce just outside the kitchen door, and the walled garden is an impressive testimony to the redundance of chemicals. Opium and honeydew may not be available, but with a bottle of Crozes Hermitage at your elbow, paradise is imaginable here.

■ *Coleridge Cottage (a National Trust property) is open April-September, Sun, Tues, Weds and Thurs, 2-5pm. Alfoxton Park Hotel (027-874-211).*

Nigel Spivey

Country notes

A sanctuary for manorial life

A COVEY of grouse noisily breaks cover from the heather covering Barningham Moor. Although past the Glorious Twelfth, shooting has not yet begun here. But the birds are already nervous.

At the slightest sound of human approach they make off at high speed. When the guns begin to blaze, the least nervous of the birds will be sold, *oven-ready*, to posh restaurants at £5-plus a go.

Barningham Moor is included in the 4,000 acres of heathered hills belonging to Barningham Park near Barnard Castle. With a total of 6,000 acres, a considerable home farm and nine other tenant farms, Barningham Park is a fairly typical medium-size North Yorkshire hereditary estate.

It is owned and run by Sir Anthony Milbank, whose family has possessed it since 1690.

It might have disappeared, as so many have, or been cut down in size, or turned into a tourist attraction. This has not happened, partly because of a fortunate succession of owners, partly to the absence of arresting beauty – and a lot to luck.

As stately country homes go, Barningham Park is unimpressive, but it imparts a pleasant lived-in atmosphere and a sense of everyday rural work. The village, on the other hand, a quarter of which is owned by Barningham Park, could plausibly top a short list of the region's prettiest villages.

Certainly it would be rated an expensive village, of the kind coveted by BMW-owning commuters. *A green public* telephone kiosk stands at the edge of the village green. Allegedly the sole green kiosk in the country, this pleasant aberration owes its existence to an *impulsive eccentricity* on the part of Barningham Park's previous owner, Sir Fredrick Milbank, who with shrewd insight leap-frogged the inheritance over his son and left the estate to his grandson, Sir Anthony.

Work on the home farm was relatively slack when I visited, *with the* hay and silage long since baled and barned and the sheep sheared. But elsewhere, the estate was gearing itself for the brief climax that is arguably its most lucrative activity: grouse shooting. This is personally handled by Sir Anthony Milbank and his gamekeepers. The moor's condition is exemplary. A healthy carpet of heather testifies to years of careful management and controlled sheep grazing.

In days past, grouse and pheasant shooting was strictly a sport, attended by much socialising. Socialising at Barningham Park is no longer linked to the shooting, which is now measured by the

tougher yardstick of cost effectiveness. So are the estate's other money-earning branches.

Down-to-earth management has kept Barningham Park up with the times and steered it away from being a quaint home of the gentry towards a viable, outward-looking, farm-based enterprise employing 20 people and meshing vigorously with the regional economy.

Sir Anthony has struck a happy compromise: with its history all too evident, Barningham Park may be compared with a vintage car discreetly possessed of a modern engine, suspension and electronics.

At the height of summer, Arthur Earnshaw, manager of the home farm, might well relax. Until autumn there will be relatively little work on the 1,000 acres in his charge. He has three men working under him, to help tend 2,000 sheep and 180 suckler cows. When needed, he may employ more hands at his own discretion.

Once the estate's head shepherd, Earnshaw has been employed at Barningham Park for 22 years.

Businesslike informality sets the tone in all the estate's affairs. Before Sir Anthony, *says Earnshaw, everything* that needed doing was referred to the estate agent. Now communication is *direct, for the* guv'ner has taken control of management, having learnt every aspect of the estate's work by mucking in. There are frequent staff consultations.

"We work as a team, without fuss," says Earnshaw.

In one of the more remote and picturesque *tenant farms*, a group of builders are working on the farmhouse. Hens and ducks root about in the yard, which has an engaging medieval untidiness. In the middle of it stands the builders' red liveried van, with Barningham Park Contractors painted on its side.

The team of three greet us as we clamber out of Sir Anthony's Land Rover. Sir Anthony talks shop with Peter Sutton, the foreman. When Sir Anthony took over, many of the buildings were dilapidated. An instinctive conservationist, he set about restoring them, a process that is continuing.

A few men with traditional building skills were employed on the estate. They became the nucleus of Barningham Park Contractors. The small company more than breaks even now. Like Earnshaw, Sutton, a former estate gamekeeper, stresses teamwork.

The loosely familial firm attitude seems to be widely *shared, not least by Sir* Anthony himself. Yet the hierarchy is in no way blurred – *only the boundaries of authority* are comfortably worn.

Barningham Park's annual turnover, including rents and a growing garden nursery, is about £750,000: small as businesses go, but then *making* profits is not really – or wholly – what Barningham *Park is about*.

To avoid extinction as an anachronism, as has happened *with similar former residences* of the rich and privileged, Barningham Park seems to have developed a Darwinian taste for survival which involves taking from progress what it needs while keeping from the past what it can.

Part of the house, now barely discernible, dates from the 13th century, indicating that manorial habitation existed here as far back as the high Middle Ages, probably earlier. It is a thought Sir Anthony cherishes.

Elon Salmon

A snip at the vine saves wine

***Jancis Robinson** speaks to French vignerons about the growing practice of éclaircissage*

THE MOST important week of the year in the world's most important wine region has just come to a close.

Bordeaux's proprietors and managers have recently been spending more time in their vineyards than at any other time of the year as they make the crunch decision: when to pick.

According to Patrick Léon of Mouton, uneven ripening makes that decision particularly difficult this year.

In the Médoc, where the great names are concentrated, the money is currently on a start inconveniently close to next weekend for the earlier maturing Merlot grapes, although many of the white grapes planted in the Médoc and Graves were picked last week. The team at Château Haut-Brion was expecting to start picking their Merlot yesterday – with both sugar and acid lower than last year.

Although this makes 1990 another early harvest when seen in historical perspective, it is later than 1989 and later than was at first expected.

The heatwave at the end of July brought record temperatures that nudged 40°C, created drought conditions and halted the ripening process – the sort of vine shutdown described in my article four weeks ago.

However, this September's harvest will not be the first time this year that pickers have been sent into the world's most cossetted vineyards with their secateurs.

In Bordeaux, 1990 has been the year of the prophylactic snip, the year when the buzz-word was *éclaircissage* – nothing to do with cream buns but so much more elegant than its English equivalent "crop thinning."

Throughout July, teams of sweltering workers could be seen hunched over the vines, carefully cutting off the least ripe bunches of grapes that were clearly going to lag behind the rest, effectively destroying a substantial proportion of this year's production run.

Their efforts left fewer bunches to compete for the available water, nutrients and trace elements, thereby maximising the potential concentration, ripeness and consistency of the eventual wine.

Harvesting and vineyard management in the Bordeaux region, and elsewhere in Europe, is changing with hotter, dryer summers

June's protracted flowering had meant some unevenness in maturity but no shortage of grapes, which presumably helped Bordeaux's most ambitious wine producers to steel themselves to sacrifice the smallest, greenest berries, notably on the youngest, most productive vines.

Just how much of a sacrifice does this fashionable technique represent?

Jean Delmas has had to recruit outsiders to thin the crops at Châteaux Haut-Brion and La Mission-Haut-Brion – cutting every other bunch in 1989 and usually the upper, less ripe one – because the technique goes against everything the regular vineyard workers (and in some cases their grandparents) have been taught. Others find it easier to persuade the wives of their vineyard workers to undertake this apparently counter-productive job.

I asked Jean-Michel Cazes, who owns or manages nine leading Bordeaux châteaux, and employed 20 to 30 workers between early July and early August to thin out the production at Château Lynch-Bages alone, if he had calculated the cost of *éclaircissage*, now practised at all his properties.

He ruefully laughed and admitted that he had sat down to make the calculation several times, but couldn't bring himself to do so, fearing he would lose the will to continue when faced with the reality of its cost.

Unfortunately, lack of detailed information on production costs has never inhibited the Bordelais when it comes to pricing their product, and it seems highly likely that *éclaircissage* will be trotted out as useful justification for whatever is asked for the 1990s next spring.

Many of us consumers will find it a more palatable excuse than, for example, some of the more obviously cosmetic improvements that have been seen in Médoc in recent years – valued as they have doubtless been by local builders and architects.

It certainly takes unswerving commitment to quality and a higher-than-average selling price to allow the luxury of *éclaircissage*, which is why the practice is most common on the uppermost rungs of Bordeaux's ladder of quality.

In the last two or three vintages, it has become common practice among the first growths and most ambitious of the other *crus classés*, for example, and it is perhaps significant that *éclaircissage* is even practised at Château Monbrison, the hot property of Margaux that did so well in a recent ranking of *crus bourgeois*.

On the other side of the Gironde, the Moueix team has been crop thinning for much longer, but then the exalted price and diminutive size of Château Petrus has for decades allowed pampering on a scale unknown in the Médoc.

The crop was thinned on an experimental basis at Petrus in 1973, 1974 and 1979 and in the 1980s, *éclaircissage* has become commonplace with 20 hectares of Moueix vineyard in St Emilion and Pomerol thinned in 1988,

> *'It's the most effective way of conserving quality . . . although it's expensive'*

of which four were at Petrus.

"It has become a very precise technique," explains Christian Moueix with the benefit of so many years experience.

"It's done usually when the vines are 10 to 20 years old (young in Petrus terms) and so it tends to be the same blocks although it's not always as logical as that. In 1988 for example we found that one in five vines in a block of much older vines was overloaded with grapes and so we felt we should thin them – give them a manicure."

As Lynch-Bages winemaker Daniel Lhose points out, the first practitioner of élaircissage was "le bon Dieu," but two of the first modern Médocains were Michel Delon of Château Léoville-Lascases and Marcel Ducasse, his disciple at the Suntory-revamped Château Lagrange, where recent replanting of the vineyard meant a high proportion of young, high-yielding vines that needed such strict summer discipline even in 1984.

"For us at the moment it's the most effective way of conserving quality but it's a very disagreeable process involving lots of time, expense and difficulty. We can't use the machines that are used to thin crops systematically in other fruit growing industries," grumbled Marcel Ducasse last week.

Up the road and up the league table into the first growths at Château Mouton-Rothschild, Patrick Léon has been thinning the crop since 1986, and making special small lots of non-thinned and thinned wine to show his staff that this brutal pre-harvest really is worthwhile. But his counterpart at Château Margaux, Paul Pontallier who has also been thinning since 1986, is anxious to stress that élaircissage has only limited application.

"I'm not convinced it should be used on old vines that have established their own natural equilibrium. It's a stopgap measure suitable particularly for young vines which can't be pruned so severely in winter that it would inhibit their development but which therefore tend to produce too many bunches. And of course it's particularly useful for Merlot grapes that are prone to rot because it lets more air in to the grapes that are left."

Delmas also sounds a warning bell, pointing out that over-enthusiastic crop-thinning can lead to too many leaves that distract from ripening the fruit. But the practice is coming into vogue throughout the wine world. Bouchard Père et Fils circulated journalists last July with the proud boast that they were the only Burgundy growers to have made a *vendange verte* or "green harvest" (which expression sounds very modish indeed).

Transatlantic travel by the likes of Moueix and Léon have ensured that the Californians are busy thinning their crops, and even the Germans, who for years denied there was any connection between quantity and quality, are now administering a severe summer snip in some areas.

The big Breisach co-operative in Baden has told its members to aim for just 72 hectolitres per hectare – way below the official, and recently reduced, permitted level of 90.

We wine drinkers should applaud this response to increasing consumer demand for quality rather than quantity, although it will hardly bring a fall in prices.

Cookery

Recipes for the harvest season

***Philippa Davenport** hunts the woods for early autumn fare*

AUTUMN HAS come early this year. In mid-August a light picking of immature hazels appeared in the shops, milky-sweet nuts wearing pale shells and frilly green caps. Now that they are fully ripened and browned, the hazel harvest has begun in earnest.

This is the season when, if the balance of sun and rain is right, there is a glut of courgettes, tomatoes and herbs in the garden, and country walks assume the air of a treasure hunt with blackberries, elderberries, mushrooms, and fungi ready for gleaning.

Every river has its own starting and closing dates but generally speaking now is the last chance for a wild salmon fling. Grouse, partridge, wild duck and geese fall to privileged guns. More modest bags bring home rabbit and pigeon grown plump and tender on stolen corn.

WARM SALAD OF RABBIT WITH ROCKET
(serves 3-4)

Wild rabbit or farmed can be used for this recipe which tastes far from tame. I like to follow its vigorous flavours with a delicate dish of Floating Islands (creamy egg custard for the sea, poached meringues for the land) showered with *fraises des bois*.

1 plump young rabbit, jointed; about 1½ teaspoons each coriander seed and pale muscavado sugar; 1-2 tablespoons olive oil; ½ pt dry (red or white) wine or an extra dry cider such as Bulmers' Number Seven; plenty of rocket; a few lovage leaves or capers.

Crush the coriander seed. Mix it with the sugar and plenty of coarsely ground black pepper. Press the rabbit joints into the mixture and, if time permits, set aside in a cold larder for a couple of hours.

Sauté the rabbit in a little olive oil for about 5 minutes to colour the meat well. Pour on the wine and let it come to simmering point. Reduce heat to medium-low and cook at a moderate bubble for half an hour or until the rabbit is tender. Turn the joints once or twice and keep the pan lid askew so the liquor reduces, ending up as just a few very savoury spoonfuls.

Lay the cooked rabbit on a generous bed of rocket lightly strewn with shredded lovage. Add steamed and sliced new potatoes if you like. Sprinkle with salt and, in the absence of lovage, with a few drained and chopped capers. Pour on the pan juices and serve.

TARRAGON SALMON MOUSSE
(serves 6-8)

I don't believe in using much gelatine so my mousses are not designed for unmoulding. This one is creamy-rich and soft, with large pink flakes of fish buried in it. In the absence of wild fish make it with farmed salmon. This quantity is plenty to serve six as a main course with a generous salad of lettuce, peas (or asparagus) and cucumber on the side, and maybe a dish of new potatoes.

1½ lb tail end piece of salmon or 1¼ lb middle cut; ¼ pt fish stock; ¼ pt mayonnaise (a good brand such as Waitrose's own label will do quite well for this recipe); one 450g tub of strained Greek yoghurt; fresh tarragon; 2 egg whites; 1 tablespoon gelatine powder.

Lay the salmon on a sheet of oiled foil. Add pepper and a large sprig of tarragon and wrap to make a baggy, well sealed parcel. Cook at 350°F (180°C) gas mark 4 for 25-35 minutes and cool completely in the unopened parcel.

Soften then dissolve the gelatine in most of the fish stock.

Beat in the rest of the fish stock and the salmon juices that have collected in the foil parcel. Then blend this mixture gently into the mayonnaise, adding about 2 teaspoons of fresh tarragon.

Chill until semi-set, then mix it gently with the salmon, which should be skinned, boned and separated into large flakes. Fold in the yoghurt and season. Whisk the egg whites and fold them in too. Turn the mousse into a 2½-3 pt dish, cover and chill until set.

BLACKBERRY BAKEWELL
(serves 6-8)

A good pudding for Sunday lunch, this is also delicious when made with late season raspberries. I want to try it using mulberries, and maybe elderberries too.

1 blind-baked short crust pastry case cooked in a shallow 10-inch fluted flan tin with a removable base; ¾ lb fresh blackberries, hulled and chilled; ¼ lb flaked almonds; ¼ lb butter; ¼ lb caster sugar; 1 teaspoon Creme de Mure (optional); 2 large eggs, lightly beaten.

Using a food processor or, better still, an electric spice mill, reduce the almonds to a coarse powder. Dice the butter and barely melt it. Away from the heat stir in first the sugar, then the almonds. Beat in the eggs, and the blackberry liqueur. Alternatively, a splash of rose or orange blossom water is good with raspberries.

Take the berries out of the fridge – it is important that they are chilled or they may cook to a mush. Tip them into the pastry case and pour on the Bakewell topping. Cook on a pre-heated baking sheet at 400°F (200°C) gas mark 6 for 35-40 minutes until the fruit is hot and the almond mixture has puffed up to a golden brown. Serve warm or cold.

Golden leaves of summer

***Robin Lane Fox** looks at trees flourishing in the hot weather*

IN THIS hot summer, gardeners can only look on the bright side. Borders have been miserable, annuals have not made the grade and lawns have looked like brown doormats.

However, there are rewards among the losers.

Two hot summers in succession has brought particular trees and shrubs into flower, while while no intervening winter has put them in their place.

In May, there were purple flowers like foxgloves on all the big Paulownia trees whose buds, unlike mine, had not been damaged by the spring frosts. Old catalpas and middle-aged sophoras flowered like frolicking young chestnuts.

Since July, the cool white flowers of Magnolia Grandiflora have been in full spate and passion flowers have run to masses of fruits.

Even those which flower at their best in southern France have been seen in England this summer.

In Provence, the flowers of the Golden Rain tree can be irresistible. In England, where it is not so common. we grow this tree, the Koelreuteria for its finely-cut green leaves, midway between an ash and an oak. But this year, even younger specimens have been flowering madly.

The tree tends to grow upright as the famous specimen in the Oxford Botanic Garden, over 50ft high, did. Last May, however, the base of the trunk was found to be totally soft and hollow and Oxford's greatest Rain Tree had to be felled.

Smaller gardens could contain this tree by trimming the lower branches and developing an Oxford-style trunk. It is hardy, handsome in leaf without any flowering rain but and twice as good in flower after two hot summers. Notcutts of Woodbridge, Suffolk is one of the bigger companies which sells it.

I also associate the wreaths of flower on acacias between scented lime trees with France. In most summers they flower in Britain too, but this year many of them have been spectacular – the sun must suit their hard, spiny wood.

Nowadays, the best-known variety is the Golden Acacia which is in no way a common tree. Its supreme merit is its habit of turning to a luscious lime-green as the summer lengthens. Even this year, it is looking fresh. This obliging tree is a shower of golden leaf, not rain, but its trade name is Robinia Frisia. It flowers too, but the acacia (or Robinia) which I most enjoy is the one called hillieri.

Its particular charm is its grey-green leaf, the setting for bunches of lilac-pink flowers. It is an easy, hardy small tree which has been grossly neglected in smaller gardens. It can be clipped and controlled, although it is very bleak in winter. Hilliers of Winchester or Scotts of Merriott, Somerset sell good plants of it.

The shrubby Hibiscus is still enjoying its second fabulous year. It generally respond to heavy feeding in early summer and watering whenever possible, whereupon the sun makes it flower profusely.

My personal bests might sound more ordinary, but they are far from familiar: Buddleias. The common varieties are fading quite quickly and have not been so special, but 1990 is the year of singular temptation elsewhere in the family.

The familiar forms have finer relations who are not really hardy in most British gardens. They grow like wildfire and two summers and a mild winter have made them a sight which may not be repeated in a hurry.

In mid-summer, the easiest of the eyecatchers was Buddleia colvillei. It is not unprocurable (try Notcutts again), and on south-facing walls it makes a strong impact. The leaves are long and dark green and the flowers appear in hanging bunches of dark rows, marked with white centres.

I have seen it best in Dorset beneath the climbing white Solanum, or Potato flower, another great performer in these hot years. The Buddleia is certainly not reliable in ordinary winters in ordinary bits of Britain, but like many of its soft and tender relations, it has grown furiously since 1989, reaching heights of six feet or more.

In early April, it seemed that those spring frosts would cut it back for good. Instead, it soon rose from the dead and has reminded us what a fine summer shrub it could be for a warm wall in London which could house a big-leaved bush of such vigour.

It is not, however, my star choice in the family. The winner is Buddleia lindleyana (try the *Plant Finder* for sources, or Hopleys of Much Hadham, Hertfordshire). It is a more slender, gracefully leaved plant with a pale elegance to its shoots. On any wall or background, it does not look woolly or coarse.

My plant has now flowered for six weeks, showing short spikes in a combination of purple and pale lilac which is much prettier than this rather alarming description. After only 18 months, it is smothered in buds despite near-total neglect by its owner.

Knowing visitors have predicted disaster in the first really cold winter, but if you want to take a gamble on the weather, this unfamiliar plant is an exciting option, an evident winner in global warming for sunny walls, expatriate gardens or anywhere sheltered from frost.

Prince saves fruit show

THE BROGDALE drama looks set for a happy ending thanks to the timely intervention of the Prince of Wales and The Worshipful Company of Fruiterers.

There is a pleasant irony in this rescue of Britain's National Fruit Collection and National Fruit Trials by such representatives of ancient authority, for loss of, or serious damage to either would be a serious blow to the orderly advancement of the cultivation of temperate fruits in Britain and, to a lesser extent, throughout the world.

For many years both had far more than national significance, and their abandonment by the Ministry of Agriculture, which terminated its support last March, was a matter of great concern to both commercial and private fruit growers.

Many suggestions were made for their continuance under private control but all seemed to involve separating Collection from Trials at their present joint home in Brogdale Farm, Faversham, Kent, with all the delays, risk and expense that this would involve.

Brogdale has proved its suitability both in soil and climate for the cultivation of a wide range of temperate fruits from all over the world. At the moment the collection includes 2,350 varieties of apple, 500 varieties of pear, 350 of plum, 220 of cherry, 320 of gooseberry, blackberry and red and white currants, 42 of cobnuts and a further 88 classified as "miscellaneous."

What is highly important is that these trees and bushes are of various ages because a systematic programme of renewal has been carried out throughout the years. It is impossible to move mature trees, and a new start would destory this balance between young and mature trees which would take many years to restore.

Both the Worshipful Company of Fruiterers, one of the oldest City of London livery companies, and the Prince of Wales, recently elected as a liveryman of the company, became aware of this serious situation and between them they seem to have found a solution which is satisfactory to everyone.

> ***Arthur Hellyer** reports a happy ending to the Brogdale drama*

A Brogdale Horticultural Trust has been formed and registered as a charitable body. The Duchy of Cornwall estates will purchase the whole 140 acres of Brogdale Farm with all its buildings, stocks and equipment, and lease them to the new trust which will run the new organisation under the title Brogdale Orchards. The Worshipful Company of Fruiterers will launch an appeal for a substantial sum adequate to set the trust on its way.

A great many ingenious plans are being considered to ensure that Brogdale Orchards is able to operate profitably and successfully in the much harsher and more competitive conditions in which we find ourselves today.

One plan is to set up an organisation, to be known as the Friends of Brogdale. Among other proposals, the public will be involved in what goes on at Brogdale far more than ever before. There will be a visitor centre and guided tours of the fruit collections and the trials of experimental varieties. There will also be lectures and demonstrations of the techniques of fruit propagation and cultivation, as well as workshops and field study courses in which anybody, professional or amateur, will be able to participate.

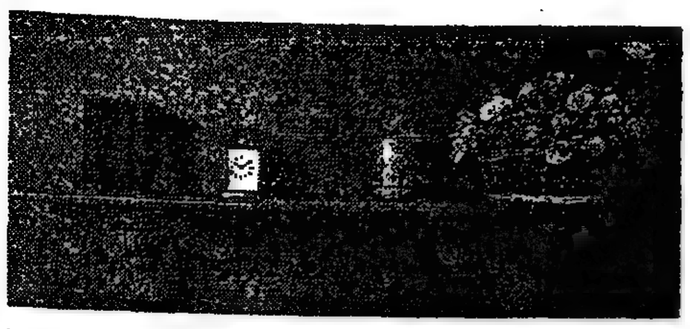
Sponsors will be sought to set up and maintain special features. These could include demonstration fruit gardens, perhaps including a medieval fruit garden for which the National Fruit Collection is uniquely able to provide authentic varieties, or a museum demonstrating the history of fruit cultivation or the ornamental as well as utilitarian advantages of various forms of fruit training. Anyone can join for annual fees of £15 for individuals and £25 for families or £200 for life members. Fruit breeders will be encouraged to regard the National Fruit Collection as a permanent gene bank in which desirable qualities such as natural resistance to various diseases and pests might be sought and reintroduced to commercially viable varieties.

The Prince of Wales has summed up the ultimate goal of the new Brogdale Orchards as being "to offer customers as wide a choice as possible of British varieties of fruit, all of them grown with minimal chemical treatment – and preferably none."

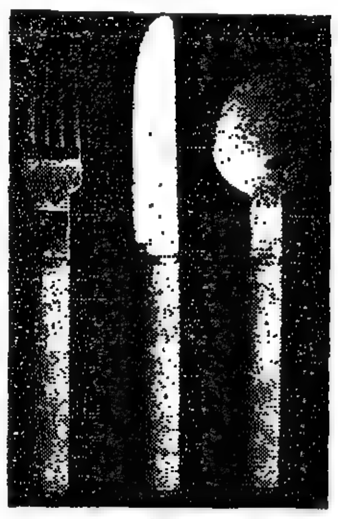
■ *Brogdale Horticultural Trust, Brogdale Farm, Faversham, Kent, ME13 8XZ.*

The art of decorative props

At a difficult time to sell up and move house, more people are staying put and decorating instead. Market gurus say the great decorating craze is still going strong. Auctions rooms, small workshops, and home furnishing shops are scoured for individual touches. Lucia van der Post suggests some places to start the search for some good ideas for your autumn "house-lift"



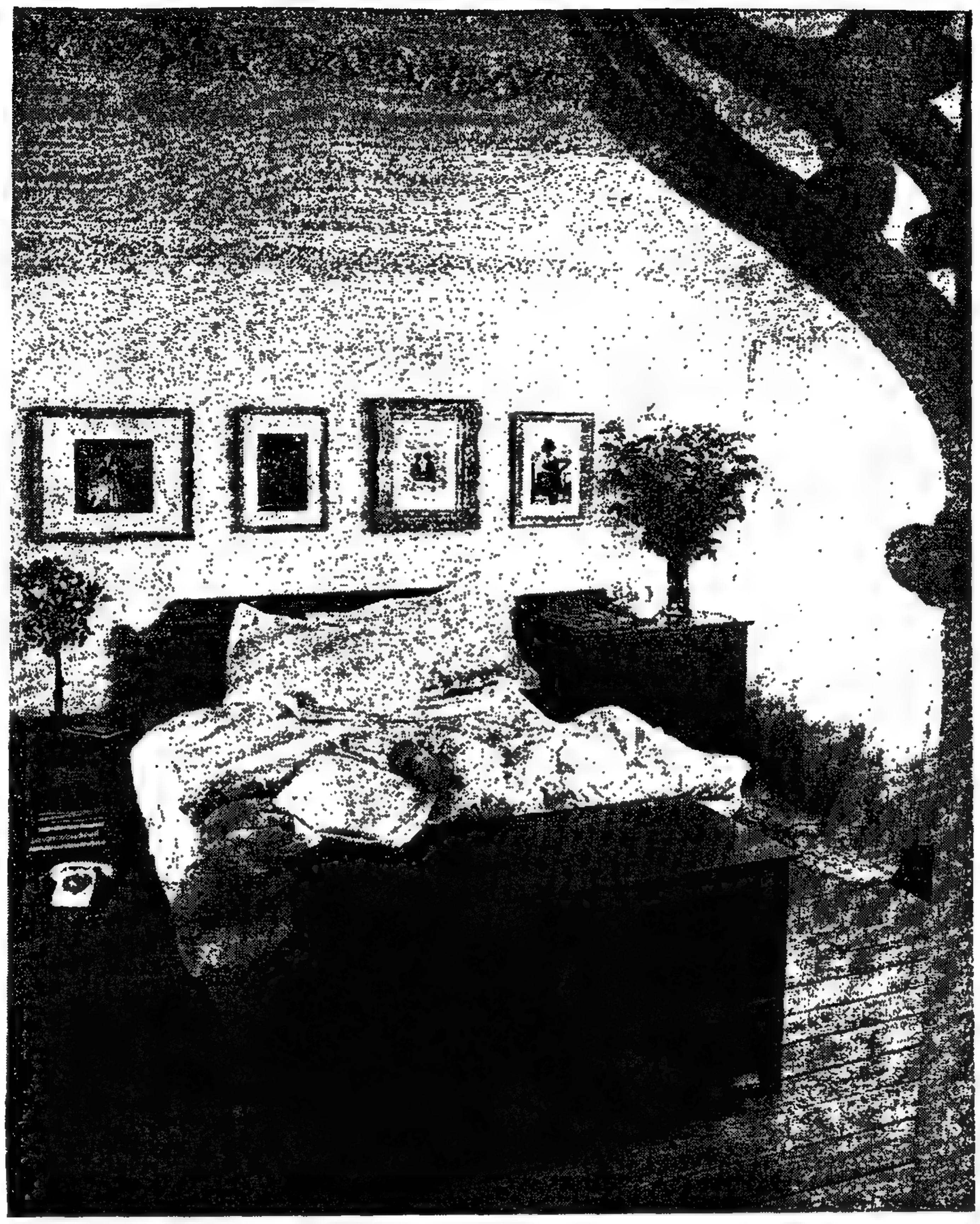
Detail and finishes with simple distinction



The Holbein Collection is crammed with such *decorative exotica as* Corinthian capitals and capital columns, ornate sconces, and a vast series *or painted and gilded tassels.* Photographed here are a pair of Wells shelf supports (£294 a pair) which come in a *choice of 19 different painted* finishes. Bullnose shelving is £13.50 per foot. The collection is available through *good interior decorating* shops. The headquarters is at Wrafton Works, 45 Evelyn Road, London SW19 8NT.

If all this decoration is a bit too much and your taste runs to the simple and streamlined, then Aria, which specialises in contemporary tableware from all over Europe, may be of interest. There is clean-lined, not to say, avant-garde cutlery, including cutlery from Boda Nova, hand-blown glass, pottery from Glen and stainless steel from Alessi. Aria has two shops — one at 133 Upper St, Islington, London N1 and another at 10-11 Upper Kingswell, Heath St, Hampstead, London NW3.

Inexpensive, simply-made coloured glasses, in keeping with the *autumn* trend in interiors, are an ideal alternative for summer lunches or casual supper. John Lewis Partnership has an attractive selection of glasses in blue, green or amber which it calls Inca, but which in fact are made in Poland. Photographed here are £3.95 glasses for sherry, glasses for red wine (£5.95) and for white or sparkling whites (£5.75).



Habitat's Shaker-influenced bedroom furniture in maple. Headboard £99, three-drawer chest £249, blanket box with hinged lid and drawer £229. Complete the theme with a bedside table (£109) and two-door wardrobe with a hanging-rail and shelf (£459)

Not only can you buy the basics from Habitat stores this autumn, but also the decorative extras. Pictured above: *marble-topped table with white-painted beech legs* (£229) with solid beech rush-seat chairs £39. On the table the glassware is sturdily handmade and coloured soft pink — small glasses £3.79, large ones £3.99, jug £9.99.

Habitat catches a fashion habit

HOW OFTEN do you leaf through a sales brochure and find what you really want is not the kitchen cabinet, sofa or carpet but the artful props the clever stylist has brought in to jazz up the rather dull product?

I often used to think that Habitat's most successful catalogues were *rather like that* – filled with colourful mood pictures encapsulating the decorative times we live in.

But instead of making one want to rush out and buy the simple teak bowl or the stream-lined chest-of-drawers, we hanker for the antique armoire or the curvy Thonet chaise longue that are not actually for sale (and very likely Sir Terence's own pieces doing sterling decorative duty down at Kintbury).

This time, however, Habitat has decided that besides trying to sell us cabinet furniture, sofas and tables, it will provide all the artful little decorative props as well.

No longer will you have to scour antique shops for the *beaten copper lamp-base, for* the imposing ecclesiastical candlesticks, for the Victorian white-painted bedstead or the *twirly wrought-iron plant-holders* – because Habitat will sell them too.

What seems to me to be *beginning to happen at last is* that the home furnishings field is catching up with the habits of the fashion world.

The slinky leggings, hooded parkas and loose tunics in every chain store around the country at affordable prices are all ideas that have filtered down from high designer labels at high-designer prices.

So in the furnishing field it is the highly-priced, artfully skilled interior designers who give us new ways to dress a window, who show us the decorative possibilities of wrought-iron, who make us long for a few ethnic "finds" to bring an interior life – now the high street, this time in the shape of Habitat, is beginning to give us the look at a more accessible price.

Anybody who has felt that in recent years Habitat had become a little predictable, unexciting, should make a point of going along to look at the autumn collection.

Over the coming months they will see quite a transformation. They are moving away from flat-packed furniture *which had to be put together* at home to rigid furniture delivered direct to the customer. There is some nicely *solid* bedroom *furniture* – with big drawers in the chests and a splendid four-poster for *just £499* (drape it with white muslin and it'll look just the one in the catalogue).

There are some particularly attractive tables, including a good solid marble top on turned beech legs (£229); a charming traditional rectangular table with a light pine top and darker legs; and another larger one with a curved metal frame – all with some decorative appeal for the eye and lacking the rather severe plainness of precious models.

There are also several *curtain treatments which offer* a wider range of decorative possibilities – like loops with ties – and chairs with linen slip-covers *all finished off* with a bow.

Look out for some very colourful ceramics, for colour-*washed rush baskets, for* ornamental bird cages, for wrought-iron decorative animals, American colonial-style, *for the white-painted* Victorian-style bedsteads and the beaten copper lamp-bases I mentioned earlier.

Some of it is in the shops now, more is going in all the time, and some (like the Victorian-style white-painted bedstead and the giant terracotta garden pots) will not be in the shops until next spring. The autumn catalogue is being sent to regular customers and lists many of the new items. All in all, it's time *to* watch what Habitat is up to again. There's a whole fresh new look to catch up on.

L.v.d.P

Be original and join the fine art copycats

IF YOU have a fine collection of original works of art or if you are so serious a lover of genuinely creative art that you prefer to leave your walls bare rather than cover them with copies or what some call mere decoration then this piece is not for you. It is for those who are not thinking of art but of decoratively covering their walls. Or for those who have perhaps admired primitive art or an Old Master in other people's home but cannot afford the real thing; those who don't mind going for a bit of artifice when they can't afford the high-priced originals.

As somebody said, it may not be art, but it all certainly looks like big business. It is easy to be snooty about it, particularly if you are rich enough to afford the real thing, but it is worth considering that the existence of fakes and copies does direct our eyes and thoughts much more keenly to the merits of the originals. That picture over the mantelpiece – is it a genuine work of art or is it just a clever copy? Does it matter and if so why?

Fakes, of course, aren't new. Ever since there was money to be made out of copying the grand masters, skilled forgers, as well as *paid copyists*, have been having a go.

But what is perhaps new is the growing number of companies which are providing decorative art for private buyers, hotels and public companies which want a certain look but can't afford the real thing.

Take naïf art. Though nothing like as expensive as works by *the Impressionists of the* Dutch Old Masters, they have nevertheless risen a great deal in price and are quite difficult to track down.

Enter Art Company. For between £100 and £300 it will provide you with a very acceptable image of the sort of primitive sheep that sells for thousands in the auction rooms.

Art Company has developed a process which I don't begin to pretend to understand (it seems to involve using large formatted transparencies, passing them through various stages in a highly-expensive processing plants and then doing a lot more technical things to them) but which results in an image which seems to lie somewhere between a print and a proper oil. The range of images chosen so far includes minor 18th century British schools, including Adamson responsible for the näif work shown here, to the lesser-known early 20th century works by people like Corot, Matisse, Picasso, Kandinsky and the like.

So far there has been a lot of enthusiasm from Laura Ashley, for which Art Company is producing an exclusive range, Athena and several other multiples. Watch out for the framing. I intensely disliked an ornate gilded frame I saw, but if a more simple and appropriate frame was used, it would make more attractive decorative images.

The full range can be seen at Art Company, 461 Finchley Road, London NW3 6HN. Other stockists are The Connoisseur Gallery, Halkin Arcade, London SW1 and Langfords, 535 King's Road, London SW3.

The *work* of Susie Ray is quite another matter. She describes herself as a professional copyist. Visit her studio and there is a Caraveggio here, a Monet there. What looks for all the world like an authentic Modigliani on the easel and a Stubbs can be seen on another wall. Susie Ray seems able to produce, at the drop of a brush, whatever style, whatever artist the customer decrees.

Above, from Art Company, a primitive sheep by Adamson, circa 1835. Below, Susie Ray's copy of a Modigliani original.

She has had an exhibition of her copies of Gauguin's oils and had a star position in the *British Museum "Fake?" exhibition.* Anybody longing for a real Modigliani, but unable to afford either the outlay or the insurance, could commission one from Susie Ray for anything from £1,600 to £10,000.

She makes it absolutely clear that all her works are copies – each is stamped on the back – and she describes herself quite modestly as "a technical painter" not a creative artist. In other words she can expertly, and almost identically, copy but she would not claim to have the creative inspiration that was the hallmark of those she copies.

She only ever paints one copy of any original, so if you have something in mind you'd better hurry along before somebody else gets there first.

If you would like to commission your own Susie Ray Original, as she calls them, contact her at 10 Stukeley Street, Covent Garden, London WC2 (071-831-4878). She will be away this week, however, because New York has called and already the glitterati are lining up outside 83 Spring Street but on Monday week she will back at Stukeley Street.

Anne Champness is another artist who specialises in fine copies of paintings, as well as in murals and trompe l'oeil. She, like Susie Ray, seems to be able to turn her hand to almost any style you care to mention. She, too, is infinitely modest and describes herself as a decorative painter. She *has done a Tiffany-style design* on a window, huge murals, as well as painting pictures to fill the walls of a sumptuous 5-star hotel. She is equally happy, however, doing pictures to order for a private house.

To give some idea of her versatility, she has done a set of copies of nine Balthazar Nebot paintings which hang in Hartwell House, *now one of* Richard Broyd's Historic House Hotels. The originals were commissioned by Sir Thomas Lee in 1730 and now hang in Aylesbury County Museum.

She can be contacted at 24, Newton Avenue, London W3 8AL (081-993-2977).

ARTS/COLLECTING

Paris fairs

Discreet charm of antiquaries

***Nicholas Powell** previews two spectacles which excite increasing international attention, advancing the French capital's bold attempt to become the world's foremost art centre*

THE BIENNALE des Antiquaires, the 15th two-yearly antiques show being held at Paris's Grand Palais from September 21 to October 7, is the biggest and most prestigious event of its kind in the world.

This year 121 dealers, 25 of them from outside France, will represent every important speciality against a backdrop of specially created interior gardens complete with pools and fountains under giant awnings of peach – and mauve-coloured fabric – all part of the show's peculiar charm, which has helped push the cost of hiring and decorating a stand up to £100,000 this year.

With attendance in 1988 below expectations, organisers this year decided to offset costs by boosting box-office takings. They have invested in an advertising campaign aimed at a wider public and introduced a theme, "Love in Art," which many dealers have chosen to ignore. Cheska Vallois of Galerie Vallois, one of Paris's leading Art Deco dealers, said she found the theme "sickly, pretentious and irrelevant to the aim of the Biennale, which is exhibiting goods of the very highest quality."

With or without a theme and boycotted for the second time in a row by *Antiquaires à Paris*, the association of six leading dealers in 18th century French furniture, the Biennale is, nevertheless, where much of the best in Paris's art market goes on in display and where many of the world's art collectors and art market professionals turn up to look.

It will be followed at the Grand Palais from October 25 to November 1 by the contemporary art fair, FIAC (*Foire Internationale d'Art Contemporain*), which this year hopes to attract 140,000 visitors to 157 galleries, more than half of them from abroad.

Encouraged by such international crowd-pulling events, some dealers confidently predict that Paris will be Europe's art-market capital by the end of the century. Many international firms have moved to the city in recent years and none has so far shown signs of leaving. All agree, however, that the rate of Paris's development depends on France's outdated auctioneering profession adapting quickly to international standards after 1992.

At present, Paris's 84 auction companies grouped together in the Compagnie des Commissaires Priseurs, which last year totalled sales of FFrs4.8bn (£472m), are still bound by a legal status dating back to a royal decree of 1552; foreigners *may not* hold auctions and Sotheby's, Christie's, Philipps and Habsburg Feldman can only prospect in France. Buyer premiums range on a complex sliding scale from 12.7 per cent for the lowest priced articles sold at auction to slightly less than 5 per cent for those adjudicated at more than FFrs300,000.

Jean-Louis Picard of Ader Picard Tajan, the largest auction company in France and the third in the world, after Sotheby's and Christie's, is highly optimistic about Paris's future. "I believe the city has a vocation to become the international art centre of Europe and the more sales there are, the more the market will develop – so even if the Anglo-Saxons come in, we will benefit. At least, they will no longer be able to say France is not the place to sell!

"Paris has lots of advantages. It's at the artistic forefront of the old world, with its museums and its exhibitions, and, until the mid-1950s, it was the biggest art market in the world.

"There is no reason why that market shouldn't return, when our tariffs and tax regulations are brought into keeping with those of the rest of Europe, as they have to be," he said.

Paris is still outdistanced by New York and London in certain art market specialities, such as Old Master paintings. It remains the well-established world capital for furniture, especially Art Deco, which during the past five years has experienced a colossal increase in interest, resulting in sky-high prices and scarcity of supply. Paris is also the acknowledged centre for the ornate, coveted work of France's pre-Revolutionary cabinet-makers. Most of the clients of the city's leading dealers in French 18th Century furniture, such as Kraemer and the Antiquaires à Paris (Steinitz, Meyer, Aveline, Segoura, Perrin, and Aaron) are American and trade is extremely sensitive to fluctuations in the dollar. Many dealers, nevertheless, believe that the current weakness of the dollar will help them by discouraging abnormally high prices at auction and reducing the attractiveness of art market *speculation*.

"It's especially difficult to say how trade will develop in a period as troubled as this autumn looks set to be. Usually, when stocks and shares drop, people invest more easily in art. They decide to enjoy their money – but the art market is not closely linked to that of the Stock Exchange and you can never predict these things accurately," Philippe Kraemer said.

Paris's leading auction houses, Ader Picard Tajan and Guy Loudmer, both organise sales with simultaneous satellite-linked bidding in Paris and Tokyo, involving mainly Daum and Galle glassware and modern paintings sought after by Japanese buyers.

Paris has also started to prove a favourite destination for Japanese collectors who have a strong sentimental regard for the city's artistic history and whose fondness for the classics of modern art, such as Utrillo, Laurencin and Buffet, is slowly beginning to extend to other fields.

Thanks to a handful of highly specialised experts, such as Chamoal and Christian Galantaris on the Left Bank, Paris is also the undisputed world leader in the antique book trade. The city is also a strong contender for the title in regard to drawings and engravings, thanks to dealers with international reputations, like Bruno de Bayser and Paul Proute. Conscious of the growing demand for drawings, many galleries with other specialities are investing more in this field.

> "The city. . . puts people in a very good mood. It's fun to buy . . ."

A large number of new contemporary art galleries have opened in recent years around the Pompidou centre in the Beaubourg and the increasingly gentrified Bastille district. Karsten Greve, one of Europe's leading contemporary dealers from Cologne opened three-storey premises there twelve months ago and will be followed later this year by the galleries Maeght and Durand-Dessert.

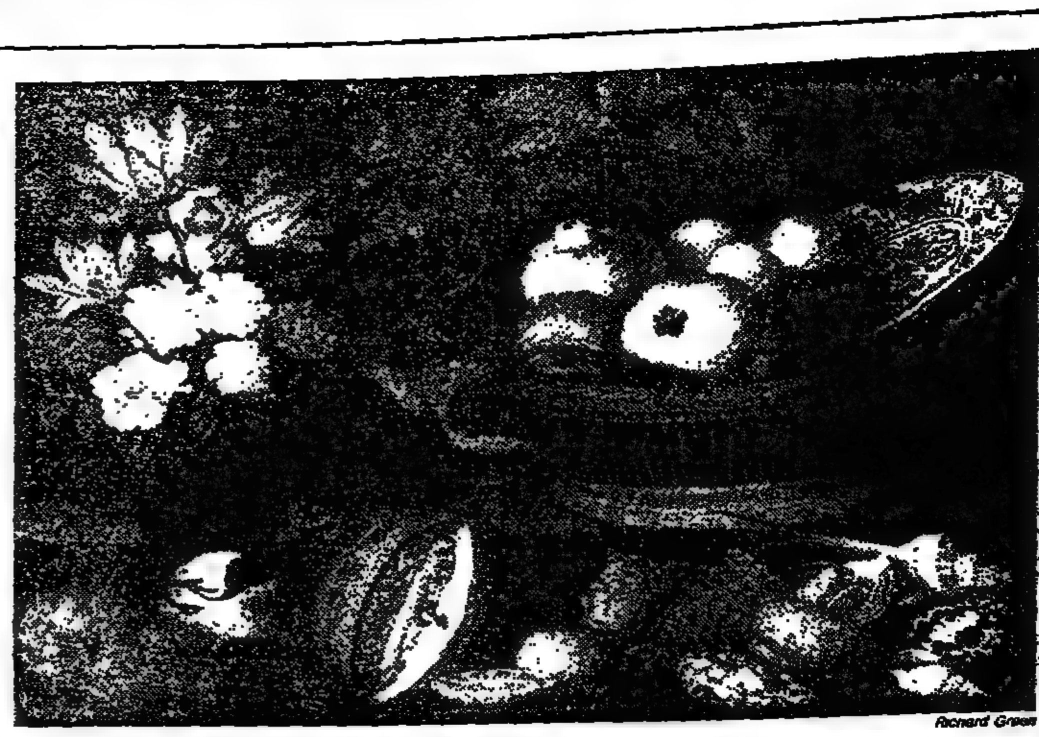
As regards old master paintings, however, London remains several steps ahead of Paris, in spite of the arrival a year ago of a world leader in that field, Bruno Meissner of Zurich. He took out premises on the prestigious Quai Voltaire on the Left Bank, as he felt he could be a big fish in the smaller Paris pond and has confidence in the city's future. Other dealers in the same area, near the Orsay museum, hold annual open-door promotional events, pooling public relations and advertising resources – an initiative recently copied by dealers on the Right Bank, near the Elysee palace.

A Canadian dealer, Philippe Farley, who has premises in New York and specialises in 18th century French furniture, opened premises in Paris two years ago on the rue d'Aguesseau, close to the Elysee, to deal in European furniture and *objets d'art*. Most of his trade is with American clients and he says he is looking forward to the day when customers will start coming from Eastern Europe, too.

"I came here because I believe in the future of Europe. Paris will become the most important art market centre in the world, once the auctioneers lose their out-of-date monopoly – that will make the place boom. France is still the attic of Europe, and I see French items regularly turning up for resale in the UK and Italy. Demand is here, supply is here. The city has a quality of life, too. It puts people in a very good mood. It's fun to buy in Paris," he said.

Richard Green

Attracting investors: Pontoise, Le Mathurins, ancien Convent by Camille Pissarro



Richard Green

Coveted treasure: Exotic shells, fruit and flowers by Balthasar van der Ast

Fabric of history

Patricia Morison examines the glories of tapestry

Bustling business: auction prices of tapestries are beginning to rise

TO MY EYE, nothing gives such a sense of what it was to be rich in the Renaissance as a roomful of tapestries. And yet the art of tapestry seems to leave many art-lovers cold. In the sale-room, too, early European tapestries are a minority taste. It is a lot to do with the way we have all been taught the hierarchies of art.

Ninety-nine out of a hundred books on Renaissance art ignore tapestries, and yet kings and cardinals, bankers and merchants, competed to fill their palaces with glorious hangings, often to designs by the leading painters of the day.

How many art lovers who go to Brussels in search of Flemish paintings ever put on their list the Musées Royaux d'Art et d'Histoire in the Cinquantenaire Park? Yet here you will find room after room of tapestries in superb condition. They make an unbeatable pageant of real and imaginary worlds of 15th and 16th Centuries, from the loves of the gods and the lives of Old Testament patriarchs to the religious processions through the streets of Brussels.

Prowling about the Louvre a few months ago, I came upon a tapestry treasure which would surely convert anyone to my way of thinking. It is the set of twelve huge and dazzlingly beautiful 16th-Century tapestries known as "Les Chasses de Maximilien". There is one tapestry for each month of the year and sign of the zodiac. Newly cleaned and conserved by the famous Ateliers Bobin of Montrouge, "Maximilian's Hunts" is currently back in the obscurity of the Majolica Room, where days pass without a visitor to disturb the calm. However, when the new Louvre galleries are opened, this stunning masterpiece will move to a more prominent spot.

"Maximilian's Hunts" was woven in Brussels in about 1535 to a design by Bernaert Van Orley, court painter to the regentesses and known to contemporaries as "the Raphael of the North". The forest of Soignes outside Brussels is the setting for an Emperor, either Maximilian or Charles V, to take a break from the cares of State and set out for the chase, stag-hunting, falconry or boar-hunting.

Courtiers, male and female, wear lavish costumes for their exercise and fondle each other in approved properly courtly fashion as they pace through the woods. The tapestries offer canine pleasure of a high order. Charles V, who owned these tapestries, knew his dogs and the weavers obliged with a wondrous assortment of hounds, tall, small, curly, smooth, aristocratic or cute. A boar-hound in at the kill of the huge boar wears an extraordinary suit of armour, like an armadillo. Some less courageous hounds hang back when summoned to plunge into the lake after a stag, and afterwards, their handlers pull their ears affectionately. For extra realism, one hound depositsa steaming pile, plumb in the foreground of the picture.

The technical mastery of the Brabantine weavers is quite extraordinary. Venison roasting for the Emperor's *al fresco* dinner is shown through flames and a veil of drifting smoke. The frost fairly crackles in December, the magpie hunched on the snowy branch, ivy glistening on the tree-trunks.

For February, last scene in the sequence, Van Orley takes us indoors to the royal palace in Brussels. The grateful hunters pay their respects to King Modus and Queen Ratio, figures out of a medieval treatise on venery. Through the window we see the Gran'Place, looking very much as it does today.

If you think that tapestry begins and ends with the "Lady and the Unicorn" at the Musée Cluny, next time you are in Paris be sure to track down this Renaissance gem across the river. And if it sets you hankering after your own tapestry, the news is quite encouraging.

Truly splendid tapestries in good condition come to the market rarely. In June, Christie's at King Street sold an early 16th-Century "Triumph of Love", 13 ft by 11 ft, for £280,000. Such a high sum for an abstruse subject was not to be expected, but according to William Lorimer of Christie's it was a sign that buyers are beginning to realise that early tapestries are "very good value, compared to paintings".

The more obviously "story-book" the subject, the more a tapestry fetches; at Sotheby's in December, a busy Gothic scene of a betrothal at court fetched £72,000. "Verdure" and animals always attract buyers, and are popular with interior decorators. Sotheby's recently sold an uninspiring fragment 7ft by 4ft, showing two meagre birds on a piece of meadow, for £24,000. An ill-drawn late-16th Century Brussels game tapestry sold at Sotheby's in May for £13,000.

However, if you are one of those rare buyers today who can contemplate religious art, then you can cover a lot of wall for not much money,although the condition of your tapestry may leave a good deal to be desired. In a Sotheby's catalogue, I liked the look of a lively Brussels tapestry of "Saint Paul at Ephesus" 11ft by 13 ft, which nearly doubled its estimate but still sounded reasonable at £22,000.

And according to William Lorimer at Christie's, for well under £5,000, you can find a nice little Crucifixion. Too gruesome for most buyers tastes, it seems, but not much to pay for your very own fragment of the Renaissance.

A pottery rediscovered

Leni Gillman celebrates the bright designs of the Poole artists

WHEN Christie's held a sale of Poole Pottery last February, it was something of a gamble. It was the first sale ever devoted to Poole, and Christie's could only guess how much interest there would be in the pottery's hand-made tableware of the 1920s and 1930s, with its striking floral and geometric Art Deco patterns and subtle, satiny sheen.

In the event, says Christie's sale organiser, Jane Hay, the outcome was "absolutely fantastic – a phenomenal result". Whereas she had expected no more than 200 people, mostly from the trade, the sale room was packed with more than 500 people – almost all, Hay observed, "closet Poole collectors from around the country who suddenly realised they were not alone."

Christie's promptly started organising a second Poole auction to be held at their Kensington sale room in London on Monday, September 10 (viewing today and tomorrow). Besides offering Poole enthusiasts a second chance to "come out," the sale will mark a further stage in the rediscovery of a significant but hitherto unsung figure of the Art Deco movement, Truda Carter.

Carter has achieved none of the cachet of her contemporary Clarice Cliff, whose work has commanded spiralling prices at auction. Yet, believes Jennifer Hawkins, a pottery expert at the Victoria and Albert Museum and author of "The Poole Potteries," published in 1980, Carter was the better designer.

Cliff's work was "often badly made and badly painted, Hawkins says. "She was courageous with her bright designs and original shapes, but it's a pity she's been taken up so much." Carter's work, by contrast, stands out for its "restrained colouring" and her "very accurate and discerning eye for colour combinations."

Yet strangely little is known about Truda Carter; neither Hawkins, nor Leslie Hayward, curator of the Poole Potteries Museum and author of a forthcoming guide to the coded imprints on the base of each piece, could even find a photograph of her.

What has been established is that she was born Gertrude Sharp in 1890 and probably grew up in Cambridge, where her father was an entomologist and curator of the Museum of Zoology. She studied embroidery at the Royal College of Art and graduated in 1912. Soon afterwards she married John Adams, a potter and tile-maker who was a member of the college staff.

At that time the Poole Potteries, with their factory on the quayside at Poole harbour in Dorset, were famous for their tiles. But their owner, Cyril Carter – later Truda's second husband – wanted to expand into hand-thrown and painted pottery.

Carter recruited two sculptors, Harold and Phoebe Stabler, who in turn persuaded John and Truda Adams to join the new venture in 1921. John Adams designed original shapes for hand-thrown pots, vases and bowls, and innovated the glazes which give the pottery its unique sensuous feel, while the Stablers specialised in figurines, plaques and ceramics.

But it was arguably through Truda that the pottery gained its special distinction. Borrowing from other genres, she created jazzy cubist and lyrical floral designs which were sold through fashionable store such as Heal's and Liberty's, where discriminating purchasers would select pieces for their modern chrome-and-glass homes.

While Poole's reputation rested on the accomplishments of its senior partners, it also depended on the skills of the employees who painted Carter's patterns on to the pottery item. One of the few surviving paintresses, as they were known, is Myrtle Bond, who worked at the pottery from 1926 to 1941.

The paintresses were first hired as art students, and on condition that they continued their studies at their own cost and in their spare time. Like Myrtle Bond, they none the less took great pride in their work. Each piece – ranging from egg-cups to decorative vases - was hand-thrown and fired in the kiln. It was coated with coloured clay and a glaze, and it was on this surface which Myrtle painted.

She first traced Carter's design on to tissue paper which she perforated with a needle, following the lines of the pattern. She next held the tissue against the pot and patted it with a muslin bag of charcoal, thereby transferring the pattern to the surface she was to paint. For this she used special pigments which, once fired, imparted a satisfying symbiosis between paint, pattern and pot.

In 1932 the Carters built a house, Yaffle Hill, overlooking the pottery and Poole harbour. Still in situ, with its brilliant blue-glaze tiled roof, it makes a suitably flamboyant memorial to Truda, who died in 1958.

By then the great days of Poole were over. Wartime economies had halted the pottery's luxurious craft wares and Truda's voluptuous designs jarred with post-war austerity. But Poole pottery continued to grace the homes of the fashionable middle-classes, little noticed or remarked.

It was into one such home that I walked in 1960, preserved as if in aspic from the 1930s, with its polished wooden floors, light oak furniture, and three exquisite Poole vases. It was love at first sight. This was the home of my future mother-in-law, and I later became guardian of the vases. I collected further pieces over the years but a vase which I could once have bought for £10 is now likely to cost around £180.

At Christie's, Jane Hay was watching the same trend. One crucial moment came in April 1989, when a large baluster Poole vase fetched £3,000. Three more top-quality pieces sold well in a mixed Art Deco sale that summer. Christie's were still surprised – and a little relieved – when February's sale went so well, with sales doubling the estimates, and are looking forward to a similar outcome on Monday.

Unabridged 'Plum'

Anthony Curtis relishes the genuine Wodehouse

YOURS, PLUM: THE LETTERS OF P G WODEHOUSE
edited by Frances Donaldson
Hutchinson £16.95, 269 pages

OLD bean continues to bean away even from beyond the grave. In addition to all those novels and stories he was an assiduous letter-writer and a selection is now published for the first time. You might think that the labour of penning 96 books, 16 plays, lyrics and libretti for 28 musicals, and the little matter of around 300 short stories, would not leave much time and energy for the occasional missive – that, I think, is the bally old *mot juste*, Jeeves – to friends in England. But, as Macbeth observed when the trees at Birnam began their constitutional, you would be wrong. (Apologies: the style is infectious.)

The fact that Wodehouse lived abroad for most of his adult life – first in the pre-war period at Le Touquet, then after the Occupation in prison and internment camps in Belgium and Germany, then at liberty in Berlin, and finally after the war on Long Island, interspersed with spells as a scriptwriter in Hollywood – may explain his regularity as a private correspondent. But such was his compulsion to write – the only thing he enjoyed more than writing was reading – he would surely have spawned just as many letters even had he always been within easy phoning distance of his friends.

Moreover, Wodehouse had a lot to write about. There was, for example, the continuing topic of the dogs. As in the case of the novelist T.H. White, much of his ever-flowing wellspring of affection Wodehouse devoted to the canine species. True, he was contentedly married and he adored his step-daughter, but as he wrote to William Townend from the Metro-Goldwyn Mayer Studios in Culver City in October 1930: "Listen, laddie, as life goes on, don't you find that all you need is about two real friends, a regular supply of books, and a Peke?"

Thus, throughout this collection we learn much of the activities of various Pekinese belonging to the Wodehouses, Boo first, then Wonder and Sixpence (who are one and the same), Miss Winks or Winky, Squeaky, a rather lazy white Peke with a passion for Hershey Bars and thoroughly spoiled. And one must not forget Vicky, also spelt Vicki, an aggressive member of the breed and long-stay guest with the Wodehouses. She belonged to Guy Bolton, Wodehouse's collaborator in his writing for the theatre.

In addition to the frequent references in passing to these and other dogs, Lady Donaldson, the editor of the volume to whom Wodehouse addicts are greatly indebted, has grouped together the more extended passages on dogs in a separate section. Which brings us to the thorny question of the arrangement of the volume as a whole. The editor has followed her practice of grouping letters under subject-matter for much of the volume. It is a useful method if you want to find out in a hurry Wodehouse's views on (say) work, critics, lyrics, films, miscellaneous, all of which have separate sections, but it plays merry hell with the chronology. We are continually dodging back and forward over the decades in a way that makes a fellow want to reach for the Dramamine.

It would clearly have been much kinder to the reader's over-activated little grey cells just to have made a straightforward chronological selection throughout. This would also have had the advantage of letting the reader follow "Plum's" entire development as a writer, demonstrating, for instance, the importance in such a long working-life of that crucial early period when he and Bolton were working on musicals with Jerome Kern and the Gershwin brothers. And again that unfortunate, costly, lapse of judgement, when Wodehouse gave some innocuous broadcast talks from Berlin on German radio during the war, would have slotted much more neatly into place. No fresh light on this episode is shed here – save to emphasise Wodehouse's well-nigh unbelievable naivety when dealing with real thugs rather than imaginary ones of his own invention.

As it happens, the early set of letters to his step-daughter Leonora Cazalet (aka Snorky or Snorkles) *are* arranged in chronological order and make a splendid read until sadly they are brought to an end by her untimely death in 1944. Wodehouse himself lived until 1975, when he died aged 94, still writing to the end, and with a knighthood from the Queen to make up for the wartime vilification. After a very temporary dip his sales recovered rapidly after the war. He returned to live post-war as a permanent resident in the US and shunned these shores. But such was his sunny forgiving nature that he eventually became quite a chum of the man who had smeared him in print, William O'Connor, "Cassandra" of the *Daily Mirror*!

Any fan who may wish to take up my earlier statement that none of these letters has been published before by pointing out that the autobiographical writings in *Performing Flea* were originally letters from Plum to Townend, is correct. But we now learn that these were heavily doctored in that book to make them more generally interesting. What we have here is the genuine article, Wodehouse without the mask – or was it a fixture?

Unrepentant bohemian

Elon Salmon considers the life of Walter Duranty

STALIN'S APOLOGIST
by S J Taylor
Oxford £15, 404 pages

THE COLLECTIVISATION of agriculture under Stalin's first Five Year Plan brought about what was arguably the worst man-made disaster ever. By 1933 millions of peasants in the Ukraine and the Volga basin had perished of starvation and disease. The freedom of foreign reporters – already constrained by tough Soviet censorship – was further curtailed: they were denied access to the stricken areas. Nevertheless, a handful of determined western journalists, including the young Malcolm Muggeridge, then stringing for the *Manchester Guardian*, defied the ban to report on the situation. Yet the journalist acclaimed as the most knowledgeable, recognised as the most influential, and acknowledged as the the doyen of foreign correspondents in Moscow, kept filing blithe copy dismissing the famine as "mostly bunk."

Walter Duranty, consistently controversial from the outset of his career, was at the height of his fame, winner of the Pulitzer prize the year before, and widely considered the most authoritative western journalist. He had been reporting from Moscow for the *New York Times* since 1919, when he covered the Civil War. Anybody of any consequence who came to the Soviet capital made tracks to his flat. Like most journalists, Duranty had had his lapses but none was so shameful as the way he dealt with the great famine of the early 1930s.

There was no question of ignorance, for he was right on the pulse of things; his private briefings to the British Embassy revealed that he knew what was going on. His detractors accused him of selling out to the Soviets, of compromising truth to advance his own interests. While Muggeridge described Duranty as "the greatest liar of any journalist I have met in 50 years of journalism," William Shirer, himself a great journalist, judged him "the greatest of foreign correspondents to cover Moscow." Such contradictions constantly attended both his career and personality.

Curiously, both verdicts may have been right, and wrong. Duranty certainly had vested interests in keeping in with Stalin's regime. But his attitudes seem to have flowed from his vision of the greater scheme of things. Thus his apologia for the failures and brutal excesses of the Stalinist experiment was summed up in his much-quoted comment: "You can't make an omelette without breaking eggs." Believing earlier than his contemporaries that Bolshevism was there to stay, he manipulated the train of events which resulted in the US's recognition of the Soviet Union in 1933, for which he claimed the credit.

Born in Liverpool in 1883, Duranty died virtually destitute in the US at the age of 74, all chips cashed, a fast-lived life come full circle. He first made his mark as a war reporter in France during the First World War with vivid "imagine you are here" reports. Sporadically brilliant, at once attractive and repelling, Duranty was an unrepentant bohemian ready to taste everything life could offer, from opium to apostasy.

Walter Duranty: journalist extraordinary

His life and times are a biographer's dream and S.J Taylor makes the best of it. Her mustering of material is assured. Her writing is lucid and precise. Duranty's philosophy was crudely existentialist. "I'm a reporter, not a humanist," he wrote. Which perhaps invites a moral judgement on the practice of journalism: Ms Taylor elegantly stops short of this, and herein lies an engaging example of the subtlety of her imaginative understanding.

Other side of the Mirror of the World

Christian Tyler reports on an unusual travel book

APPLES IN THE SNOW
by Geoffrey Moorhouse
Hodder & Stoughton £12.95, 190 pages

EVERY TRAVEL writer must take with him that extra piece of luggage which contains his own preconceptions and prejudices. If his subject is Central Asia, a region of special fascination for the British, he will find it very difficult to jettison. For there it is all too easy to ignore the evidence of one's eyes: to deny the drab industrial present and see only a romantic, cruel and colourful past.

But Geoffrey Moorhouse is an honest reporter as well as a commanding writer. It is clearly part of his purpose to examine – if he cannot reconcile – the extraordinary contrasts and tensions between the occupying power of a dilapidated urban Communism and the nomadic and religious traditions of the people of Turkestan.

He has no compunction, therefore, about describing thus his entry into Samarkand, the ostensible goal of his journey: "... the Mirror of the World announced itself with a large factory pluming grey smoke into the already heavy sky." For this is not quite the account of a journey to Samarkand that it appears. It is, rather, a chain of thematic essays prompted by the author's surroundings in which history, autobiography, reflection and description take their turn.

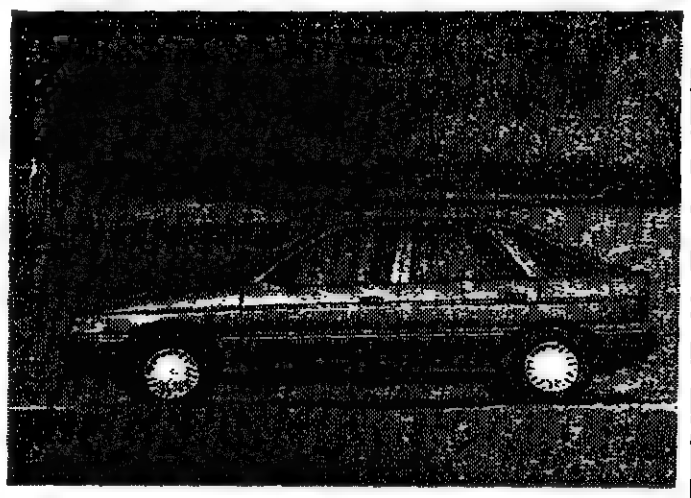
In Alma Ata, Moorhouse reflects on the national trauma of the Second World War (and discovers a large community of displaced Germans); in Kirghizia his theme is the Silk Road; in Dushanbe he meets veterans of the Afghan war even as the Red Army retreat is under way. The desolation of Merv provokes an account of the Mongol empire, Tashkent a discursive fantasy around the iconography of Lenin.

Nor has Moorhouse profited from the new freedoms in the Soviet Union. The places he visits could have been on any official itinerary of the past 20 years and the discomfiture of his official guides confronted by an experienced and inquisitive Westerner is a familiar reminder of just how unshakeable are the old habits of thought.

It doesn't matter. This is a book to enjoy for the author's firm control of his material and for the even, rhythmic pace of his writing. With a style that eschews stylishness he is at his best in his encounters with people and places – the beauty contest deep in the Kazakh steppe, the reminiscences of an Uzbek blacksmith who fought the mujahideen, the devoted socialism of the Hebridean Scotsman encountered in Samarkand.

The author is a seasoned writer who knows better than to tie his narrative together with the boring minutiae of the journey. But he strays on occasion too far from his theme: in a book of this length it is impossible, for example, to do equal justice to past and present. And though Samarkand is not in any dramatic sense the climax of his journey, Moorhouse's long coda set in Zagorsk in the heart of old Russia, with its reflections on *Boris Godunov* and Shakespeare, was a puzzling choice of finale to give to this truthful, sophisticated and finely written book.

Bland style for loyal fans of the blue badge



The new Ford Escort 1.6 litre Ghia hatchback at £11,590

WHEN FORD asked potential buyers of the new Escort what they looked for in a car, they said appearance and price were top priorities.

After that came quality, satisfaction with their previous car and economy. Performance, comfort and roominess were at the bottom of the list.

Over 4.7m of the first front-wheel driven Escorts were bought in Europe for private use or as company cars during its 11-year life, plus another 1m Orions, the booted saloon version. Will history repeat itself? I have my doubts.

The new Escort's styling is so bland, and the rate of new model introduction by some of Ford's competitors so rapid, that I can't see it lasting anything like its predecessor's 11 years, at least not without radical improvement mid-term. *Some really formidable rivals* – the new Nissan Sunny and Vauxhall Astra to name but two – are out there.

But the new Escort will do well for a few years. Ford's marketing men don't make many mistakes. They know what their loyal customers like, even if they may not be the kind of things that appeal to publications read mainly by motoring enthusiasts.

Last week, I dipped into the Escort range, trying 1.4 and 1.6 litre Ghia hatchbacks and a 1.6 litre Cabriolet, all with fuel injection. They were mechanically refined, quiet running and generally competent cars but in mountainous country the 1.4 felt lethargic and the 1.6 hardly athletic. A new kind of rear suspension gives a good ride. As a bonus, it takes up less space than it did in the last model so back seat passengers get a little more room.

> 'Potential Escort buyers listed appearance as top priority. Comfort was at the bottom'

Handling will be up to most buyer's expectations but the vague steering may disappoint some. Without power assistance (an option even on the dearest Ghia models) it is quite heavy at low speeds; with it, *the Escort is easy to park but* the steering then feels soft and even less precise.

The engines have essentially been carried over. So many competitors now have multi-valve engines that it is surprising that the first 16-valve Escort will be the 2-litre RS2000, due next year.

Fine weather and alpine scenery probably helped, but of the three cars I drove, the Cabriolet appealed most. Although the body is said to have been stiffened up, I could still feel and see it flexing slightly on bumpy minor roads. But with the hood down, it cruised on the autoroute at 130 kmh (81 mph) – well, just a teeny bit more – with a remarkable lack of wind noise or buffeting.

By itself, the blue Ford badge on the bonnet will ensure the new Escort is a British best seller. The prices will help, too. They are the same as the previous models, though these were increased only last month while stocks were being cleared at long discounts. The cheapest is the 1.3 *litre Popular* at £7,580; the dearest a £14,620 special edition Cabriolet with power hood. A 1.6 Ghia is £11,590.

Stuart Marshall

Return of the soft seat

THE FIRST *thing I noticed when sliding* behind the wheel of the Renault Clio *(above) is that it marks the return of the* proper French car seat writes Stuart Marshall. There is none of that nonsense about hard seats being better for you in Clio. They are yielding, almost as soft as they used to be in French cars of the 60s and 70s, and help make you unaware of the bumps in the road.

It is an engaging small car, less distinctive in styling than the Renault 5, more likely to be mistaken for a new Japanese model. Engines start with a 1.1 litre, but this budget version is unlikely to come to Britain, where 1.4 and 1.6 litre "Energy" engines, as used in the larger *Renault 19, will be most buyers' choice.* A smooth 5-speed gearbox is standard; 4-speed automatic transmission will be available, as are power assisted steering and air conditioning.

Renault has set out to give its latest small car something like executive-class refinement. *Brief experience this week of left-hand drive* 3-door and 5-door models showed road noise well *suppressed, the engine quiet and the ride* very comfortable. Lower than normal 65 series tyres are *standard* on all *Clio models.* They make the steering responsive and cornering both competent and, at sensible speeds, almost roll-free.

Clio does not reach Britain until March 1991. Prices and specification details will not be known for some time. But they will be keen, because Renault UK expects Clio to be its best seller, with something like 30,000 registrations a year. The 5 Campus will live as long as people want to buy it, just like Rover Group's Mini – *the 10-year old* Metro was supposed to replace the Mini but it refuses to fade away.

First computer navigator: a sign of changes ahead

Guidance systems could be the 'next consumer revolution.' ***Stuart Marshall*** *examines the options*

HOW DO you find your way when driving on your own to an unfamiliar destination? If you are like me, you pore over a map the night before, jot down road numbers and names of towns you think will be signposted and set off hopefully.

Mostly, it works, especially if one stops once in a while and looks at the map to check that one is where one ought to be. This will be the way most of us will navigate ourselves for the rest of this century. Then things will be different.

The signs are already here. Bosch, the German spark-plugs-to-dishwashers giant, has an electronic navigation system up and running. It will be available to any motorist with about £2,000 to spare by the end of the year.

Bosch Travel Pilot works by dead reckoning. Digital maps are stored on compact discs. Wheel sensors and an electronic compass record distance travelled and every change of direction. This information is fed into a computer, decoded and displayed as a map on a screen alongside the steering wheel. A blob shows the car's exact location.

Philips has a similar system (CARIN, for Car Information and Navigation System) under development and hopes to have it on the market within two years.

The Royal Automobile Club and *GEC of Britain are co-operating on a* system (GEC Autoguide) using roadside beacons to establish the car's position.A digital map is stored in a central computer and the RAC's routine traffic bulletins are fed-in. The car's location and simple instructions like "turn right" are displayed on a screen. A voice synthesiser tells the driver about traffic hold-up and his route will be changed automatically to avoid them.

Autoguide is expected to cost £300 in today's money to put in a car, though *by the time it is ready* to go on sale, probably in 1993, inflation will have pushed the price up. There will be an annual licence fee, too.

But if you are a regular user of M25 and hate being caught in jams, help is at hand now. For £295, plus £18.50 per month subscription, a Trafficmaster system can be installed in your car by *General Logistics, of Luton Airport.*

Two hundred sensors, installed on bridges, monitor average traffic speed on M25 and a small part of M1 as fast as the M10 junction. As soon as it drops below 30 mph (48 kmh) Trafficmaster's Luton Airport control centre is advised by radio. Users have a warning flashed on small in-car screens in time for them to leave the motorway and dodge the jam. (For details call 0652 450185.)

Trafficmaster provides traffic information and will eventually cover other motorways. But it is not an in-car navigation system. The latest of these *is GPNS (for Global Portable* Navigation System). Its promoter, Chris Coles, of Salisbury, says it could be the next consumer product revolution and that it makes expensive in-car navigation systems (such as the Bosch Travel Pilot) look antiquated.

*GPNS will use a space satellite nav*igation system called GPS (for Global *Positioning System) that the* Americans are now setting-up to cover the entire planet.

Users of GPNS will have to buy an electronic module at a probable price of £300. Maps, in the form of cassettes, slot into the module, which picks up signals from any three of the orbiting American GPS satellites. If the module is in a car, *it indicates not just the* location, but height above sea level, speed and direction of travel.

The map cassettes, for anywhere in the world, will be between £15 and £30 each though the cost could be reduced if they also carried advertising material – *perhaps details of tourist* attractions. (Details are available from Coles on 0722 27689.)

If all this is too expensive or too incomprehensibly high-tech, I recommend the latest series of Philips' 1.5 miles to the inch Navigator road atlases. They serve me well. They are detailed enough to show routes on any *kind of road from motorways to* the tiniest country lanes but very easy to read. Three of them cover the British Isles; they cost £8.95 each from booksellers or motoring shops.

BOOKS

With the Booker Prize shortlist announced next Thursday, our critics review some major autumn novels

Fiction as 'history from the inside'

MY SON'S STORY
by Nadine Gordimer
Bloomsbury £13.99, 277 pages

IN NADINE Gordimer's new novel, processes of liberation work their way through an unjust, unfree society – first gradually, then violently. Transformations are effected on individual lives and within personal relationships that are inextricably bound up with the larger political movement and, at the same time, unpredictable (and sometimes horribly destructive) in their course. A community called "Coloured" by the White rulers (the word is avoided by Gordimer herself) throws off the imposed classification, while at the same time struggling to make its own place in a society whose just modes of organisation and grouping have yet to be discovered.

This is, of course, a theme of utmost "relevance" to South Africa today – the country of which (as Stephen Clingman notes in his Gordimer monograph) her novels have produced, stage by stage, a "history from the inside." And, work by work, Gordimer's writing has developed a fluency in its moulding of material that *My Son's Story* displays in all its full, mature accomplishment. The placing of the personal portrait within the larger historical canvas and the fine-meshed interweaving of narrative strands comprise perhaps its most remarkable achievements; the book is so precisely "levelled," so economically unfolded, that the sense of being on the inside of history-in-the-making informs its every event.

Every detail is pierced with its own innate irony – this is the inevitable consequence, Gordimer makes clear without ever sermonising, of state oppression. Sonny the schoolteacher has made good. He is a notable figure in the community, a reader of Shakespeare; his wife, Aila, is quiet, beautiful, dutiful, house-proud; his children, daughter Baby and son Will (named after the poet), have been carefully nurtured. They live, above the surrounding squalor and hopelessness, in a Reef town "across the veld." Gordimer's brief, spare descriptions of tea-parties, Saturday shopping expeditions, Coloured-community "normality" within the barbed wire of White restrictions, count among her most valuable pages: sharp, dry observation tempered by understated compassion.

But already, from the start, the facade is in the process of being torn down. Sonny is spurred into political commitment as a result of his pupils' school protests; this leads him to a spell in prison and, after he comes out, to a love-affair with the white monitor of political prisoners, Hannah, whose unsentimental engagement with causes opens his eyes a stage wider. On orders from the movement Sonny moves his family into a house in a White Johannesburg suburb – it's illegal, and therefore an act of confrontation, to do so. As he himself learns to dissolve the racial boundary-lines to which he had been forced to adhere, the security and wholeness of his family unit become strained to breaking point.

He and Hannah steal off to a cinema in a White suburb, there to be discovered by Will. In fact, it's this fateful moment of uncovered illicitness that opens the book; the "voices" of story-telling are shared between Will's first-person, present-tense ragings and the general mode of detached third-person, past-tense narrative. By means of such intercutting Gordimer procures a subtle, entirely unwasteful method of broadening her canvas while simultaneously building pace and momentum.


Nadine Gordimer, South Africa's foremost novelist

No part of the family is left unmarked by the changes wrought in the wake of Sonny's new-found personal and political commitment. Yet – and here Gordimer's dramatic ironies prove ever more telling – the development of each member soon seems to outstrip that of the paterfamilias. Without his knowledge Baby and, more startlingly, Aila become involved in clandestine guerilla activity; basic notions of "good" lives and "useful" actions, of the family itself, are explored in ways that reverse roles and turn long-held beliefs upside down. At the end even Will, cast for so much of the plot as a anguished observer on the sidelines, achieves his own mode of direct action – as a writer.

This is a work of immense seriousness. It is the product of a fine mind attuned not only to all the issues examined therein, but to the author's chosen role in wresting them out of the current South African chaos and imposing on them orderliness of thought, moral sophistication. Gordimer carries the burden of being South Africa's foremost novelist-historian with seeming effortlessness, but all the same, it's possible to discern artistic losses incurred along the route from the early short stories – "uncommitted," perhaps, but so full of vitality – to *My Son's Story*. The language has shed its textural quickness, its contrasts of poetic colour, the various moral distinctions have been so carefully weighed up that spontaneity, wit and humour appear to have been sacrificed, and the conflict of characters lacks all surprise (Hannah and Sonny conduct their love-scenes in a superior kind of seminar-speak). Read far away from the South African front-lines, the latest Gordimer proves admirably mind-clearing – but also rather solemn, and distinctly chilly.

Max Loppert

Of chimps and mathematicians

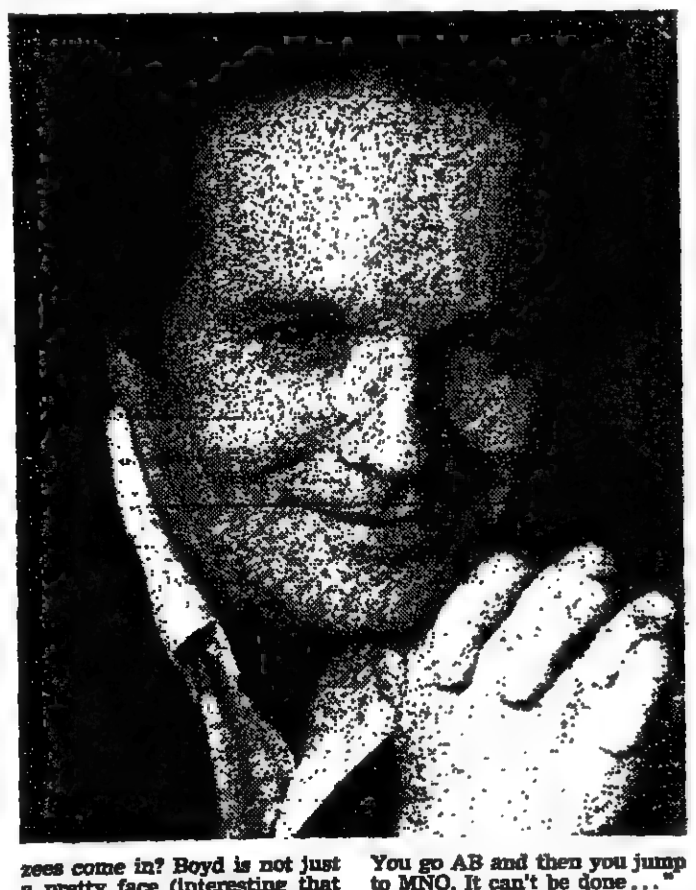
BRAZZAVILLE BEACH
by William Boyd
Sinclair-Stevenson £13.95, 314 pages

THE EVENTS of the past year have demonstrated that unpredictability has the upper hand: that even if human behaviour can be predicted, the unforeseen tends to have the last word. If ever a novel hit the spot, *Brazzaville Beach* has to be it.

It is not, however, an overtly historical or political work. A girl, significantly named Hope Clearwater, lives on an African beach, reassessing the complicated, violent and tragic events which have occurred in her life. How much has she been responsible? How could she have foreseen dangers (to others as well as to herself)? How could she have acted differently? How should she live in the future? Yes indeed, just those usual old philosophical, psychoanalytical, moral questions – but integrated into an ambitious, driving performance which weaves two interleaved narratives, one involving the study of aberrant behaviour in chimpanzees and the other the account of the breakdown of Hope's marriage to John Clearwater and Clearwater's own mental confusion and decline.

Throughout the book, there are Hope's explanatory asides, versions of the kind of mathematical problems with which her husband is wrestling and with which she herself becomes more and more obsessed, different ways of looking at the apparently random complexity of the natural world, and her attempts to relate these formulae to human behaviour. We are now in the increasingly modish territory of chaos and turbulence theories, of divergence syndromes and Fermat's Last Theorem: in general terms, attempts to codify, to predict the apparently unpredictable. It is a novel about the implications of knowledge – and how to use it when, and if, you can get it.

So where do the chimpanzees come in? Boyd is not just a pretty face (interesting that now he is writing in the first person feminine, all his recent interviewers seem to feel obliged to comment on his good looks) but also a brilliant storyteller. After the John Clearwater disaster, Hope goes to work in an African jungle institute for the study of the behaviour of chimpanzees, run by the odious, ultimately meretricious Eugene Mallabar, with whom she comes into violent conflict when she gradually discovers, horribly, that these gentle primates are turning to aggression – and worse, much worse. Mallabar, locked into his preconceptions and with a new definitive publication at stake, refuses, like his other assistants, to accept her evidence: "It doesn't fit the data ... the advancement of understanding goes ABCDEFG. You go AB and then you jump to MNO. It can't be done ..."



Round the Grosso Arvore Research Project a full-scale civil war is being conducted, which is regarded by the project staff as an unfortunate annoyance until Hope and a craven colleague are taken prisoner and forced to face up to a deeper knowledge about themselves and the world. Her confident reliance on knowledge, prediction, ratiocination is shaken by an encounter with a wise French-educated rebel doctor, Amilcar: "All these things you know – does it make you happy? A better person?"

Again and again, presumptions about the way people are or the way they will behave are overturned. Hope is instinctively certain that John Clearwater is the man for her; this turns out to be a bad mistake – though the study of Clearwater, like the study of her chimpanzees, does add to her acquaintance with unpredictability. Minor characters also refuse to be confined to other peoples' perceptions of them, refusing to act "in character" again and again: feats of diving are flunked and then, against expectation, performed; a non-smoking servant is set up for an arsonist's alibi because he is, against the evidence, believed to be a smoker.

Tiny touches of authorial fun are employed to add enormously to a splendidly rich pattern; premises to be discussed are set out as interpolatory digressions and then illustrated in tense and gripping narrative: this skilful manipulation of the fictional form sets Boyd once again in the first rank of that younger generation of serious and gifted writers who have abandoned old formulas for the school of playful didacticism but without abandoning the first duty of the novelist, which is to keep the tale rolling.

Hope Clearwater, whose moral education this is, is an engaging creation, a female tough guy who trips over her certitudes and falls on her face with brave good grace: "I have taken new comfort and refuge," she says, "in the doctrine that advises one not to seek tranquillity in certainty, but in permanently suspended judgment."

Yet again, Boyd shows that he can describe Africa (any Africa) with a loving and respectful precision which adds immeasurably to the force of his narrative. The didactic bones do protrude a little, the character of John Clearwater is a bit skimpy (though this may be a deliberate reflection of Hope's denial of the data), but none of this matters in a most serious book which stretches, tantalises and delights – and which could, with some justice, be recommended to those international commentators who were caught on the hop just about everywhere this year.

Mary Hope

People, real and unreal

THE CIRCUS ANIMALS
by James Plunkett
Hutchinson £12.99, 305 pages

DR DEMARR
by Paul Theroux
Hutchinson £6.99, 94 pages

A CLOUD ON SAND
by Gabriella De Ferrari
Chapmans £13.95, 330 pages

TWENTY-ONE years ago, James Plunkett's *Strumpet City* was published and acclaimed, and today it still stands on public library shelves, a sign of lasting popularity. It was compared with *Dr Zhivago* and gives a similarly panoramic view of a place and a society – in this case Dublin before the First World War. Wide in scope and sympathies, splendid in its ability to conjure all kinds of lives and characters, outlooks, attitudes, moral dilemmas and choices, it made politics human and collective feeling individual.

Plunkett has not been a prolific writer of fiction and *The Circus Animals* is his first novel for 15 years. Set partly in the same period as *Strumpet City*, and also in Dublin and its surroundings, its range and social setting are none the less very different, domestic where the other was commitedly political, its people middle-class where the earlier ones were, for the most part, very poor. Yet similar techniques are used: real people enter the story now and then, politics and church attitudes are immediate and important. The "present" is the 1950s, but flashbacks to the beginning of the century, remembered by an old man, are as vivid and in their way make it just as much a "present;" for he has never outlived the effects of the death of the girl he loved at 17, and, a bachelor living with a spinster sister, he has spent a dry life that, until near its end, seems almost a prolonged spiritual suicide.

Plunkett is excellent on the ideas of his society because he takes them seriously, without patronising those whose lives they govern. Frank and Margaret, the young couple who befriend Lemuel in his last years, are committed Roman Catholics in an almost impossible situation, trying to conform to rules on sex made by celibates, caring deeply about their guilt when they ignore them, but unsure whether or when they are guilty. Their orderly, credible, in general admirable life reminds one of Lemuel's chaste courtship half a century before, and Margaret, in the 1950s, reminds him of his lost love. In both cases, one believes in their goodness, their social pleasures, their gentle courtesy.

Not so the protagonists of Dr DeMarr, a pair of identical twins who loathe each other and therefore, clearly, loathe themselves. Twins have a creepy fascination: are they complementary or inimical; are tales of their mysterious communication, based on some sort of telepathy, to be believed? Paul Theroux's novella is a weird, powerful, often confusing story that uses twins as Wilder did in *The Bridge of San Luis Rey*: one dies, and the other takes his name and persona, thus seeming, for a while at least, to cheat death.

In contrast to Plunkett's living though never sentimentalised people, George and Gerald (illustrated in drawings of dreamlike, frenzied evil by Marshall Arisman) have no redeeming qualities, a grotesque pair whose viciousness and perversions may be understandable in the circumstances of their lives, but who are scarcely credible to anyone hoping for, or believing in, some redeeming qualities in everyone human. Their story reads like a nightmare case-history, mercifully short, described with great punch, panache and vitality but for enjoyment, if that's the word for either, one might as well read Krafft-Ebing.

Italy and South America from the 1920s to the end of the War; the links between them, as immigrants cross and recross the Atlantic; the plushy worlds into which beauty takes women who, without their looks, would never know them: the settings of *A Cloud on Sand* are, to most of us, remote. A first novel with an unorganised but attractive talent, it has a heroine who never quite comes across as anything but beautiful and an anti-heroine, her mother, with much more psychological clout. It has deaths, loves, disappearances, the odd unsolved mystery and provincial boredom in Genoa and Latin America, canasta, gossip, adultery. It may be a one-off novel, based as it is on an unusual background, but it certainly promises something.

Isabel Quigly

A lover's alter ego

DECEPTION
by Philip Roth
Cape £12.95, 208 pages

"DECEPTION" COULD be the title of many of Philip Roth's books, for he never plays straight with the reader, and has written, for instance, a novel (his last, *The Counterlife*) in which a character who dies is alive again on subsequent pages, and an autobiography (*The Facts*) in which his fictional *alter ego*, Nathan Zuckerman, pronounces a withering critique of the very book we are reading.

If the title of the new novel obviously refers to the life of adultery which is its main subject matter, *Deception*, no less than Roth's earlier books, is about the teasing business of turning life into fiction, the paradox whereby the more assiduously truthful about his own experience the novelist seems to be, the more he actually turns out to be feigning. There is a character in it called Philip, a writer living in London who has created a character called Nathan Zuckerman, and whom, bless us, we cannot but take for our real-life author himself. Yet "Philip" is in the end only words on the page. He is not even an authorial "I," for the novel is written entirely in unattributed dialogue. Philip, like the rest of the book's personae, is strictly a fictional construct, indeed a fictional *tour de force*. The Philip Roth who, according to the publishing information at the beginning of the book, "asserts his right to be identified as the author of this work," remains ineluctably elsewhere.

The fiction-making conundrum is at its most tantalising in the chapter in which Philip's wife is outraged to discover a notebook filled with passages of dialogue which she takes for direct transcriptions of post-coital chats he has had with an English woman. Philip angrily retorts that he has only been imagining himself, outside of his novel (i.e. *The Counterlife*, in which the English woman appears as Nathan Zuckerman's wife, Maria Freshfield, a choice of name on which she comments later in *Deception*), "having a love affair with a character inside my novel," as though "Tolstoy had imagined himself in love with Anna Karenina," or Hardy with Tess. Philip's wife is not convinced, but Philip asserts his right to imagine anything ("discretion is, unfortunately, not for novelists"). She is incredulous that he has considered publishing the notebook as it is. He thinks there might be "something to be said for being shed of all the expository fat" of a novel. She begs him at least to change the name "Philip" to "Nathan." He says: "The *novel* is Zuckerman. The notebook is me." The notebook is of course the book we dizzy readers have in our hands.

Roth's self-reflexiveness goes as far as he can take it. This chapter, surveying and seeming to explain those preceding, is only the penultimate one. The notebook-novel as just described in the notebook-novel we are reading continues with a dialogue between Philip and his English mistress in which she gives her view of the novel (*The Counterlife*) into which she has been transposed. She protests against Philip's "writing down exactly what people said;" against "this taking people's lives and putting them into fiction. And then being a famous author who resents critics for saying he doesn't make things up." She is merely told, "Because you had a baby doesn't mean I didn't make up a baby; because you're you doesn't mean I didn't make *you* up." In the end the ontological status of everything and everyone in the book is thoroughly in doubt and the complications and layerings of meaning become impossible to fathom.

Deception, then, is a kind of deconstructionist novel, and an air of theory and philosophising hangs over it. For all that it is in dialogue form, its only drama is really a drama of ideas. Ideas about marriage, love, fidelity, as well as about fictionalising, and quite a few other topics, are explored in dialectic manner. Occasionally I was reminded of the systematic investigation of amorous behaviour in Roland Barthes' *A Lover's Discourse*, a title that could also stand over the present book.

Roth's exclusive and immensely skilful use of dialogue lends his book considerable formal interest. The various voices, seeming at first to spring from nowhere, are drawn into a quasi-musical counterpoint (the book is a sort of fugue), while those sections that are extremely short (four, three or even two lines of dialogue) begin to take on a poetic quality, as of quizzical little lyrics. The reader will sometimes have to strain to establish who is saying what, for the endless inverted commas are befuddling, and there is nothing outside them except pseudo-stage directions such as "laughing."

But the astonishing thing about *Deception* is that, in spite of its formal experimentation and relentless teasing of the reader, it is manifestly not a dry and abstract novel. It is, for a start, full of Roth's familiar obsessions – sex, anti-semitism, Eastern Europe, Kafka. It effortlessly evokes the worlds in which the characters live, principally the London of the mid-1980s. The dialogue is always convincingly colloquial. It is the mark of Roth's genius that in the midst of the book's self-reflexiveness and game-playing a sense of the real recognisable world is conveyed with unique potency. *Deception* may be an X-ray of the novel form, but running through it is a blood vessel throbbing and about to burst.


Philip Roth: full of familiar obsessions – sex, anti-semitism, Eastern Europe, Kafka

Paul Driver

The case for crime

THE OMNIBUS P D JAMES
Faber & Faber £14.99, 751 pages

GOING WRONG
by Ruth Rendell
Hutchinson £12.99, 250 pages

WHENEVER A woman successfully publishes a crime novel, reviewers hasten to proclaim her "queen of crime." But whoever she may be, she is without consort: there has never been a "king of crime," and this situation reflects the fact that while two of the best-known avenging angels of murder, Sherlock Holmes and Father Brown, were created by men, detective fiction has surely become a female preserve.

There have been many pretenders to the crown: Agatha Christie, Dorothy L. Sayers, Ngaio Marsh, Margaret Yorke (there must be as many explanations for the peculiarly bluestocking compulsion to treat murder as an intellectual game as there are practitioners). But this handsome omnibus suggests that her publishers consider P D James's whodunits outstanding. A look at Faber's impressive fiction list reveals also a conviction that crime writing is to be taken as seriously as any other literary genre.

Beyond considerations of vicarious excitement, and the great satisfaction which the solution of puzzles provides, James sees weighty reasons for the tradition's popularity. Detective writing, she states, "affirms the sanctity of the individual human life and confirms our belief that we live in a generally benevolent and rational universe and that even the most difficult problem is capable of solution." W H Auden, who admitted an addiction to the genre, claimed that detective fiction appeals to those who suffer from a sense of sin.

This *Omnibus* contains P D James's best-known detective stories, *An Unsuitable Job For A Woman* and *Death Of An Expert Witness*, together with *Innocent Blood*, and introduces her two sleuths, Cordelia Gray, young, untouchable, a private detective by default, and Adam Dalgliesh, the cynic from the Yard. It also eliminates any anxieties about trashy writing. Her prose, near-purple in moments of tension, is assured, her settings – usually East Anglian – expertly realised. Her detectives are as plausible as any character could be who obsessively stalks the homicidal.

Detractors of the genre say that detective fiction is merely formulaic. If James's work observes familiar conventions – the lone detective convinced of foul play, the certainty that the villain will be unequivocally identified, despite the red herrings that swim in shoals through every chapter, the glimpses of cosy, hierarchical village England – it also transcends them. Her plots move with meticulously finished machinery, and her craft is its own art. Her fiction mightn't move us, but like a crossword it is engrossing, and like a crossword it has a seductive charm absent in life: a neat resolution.

Ruth Rendell's Inspector Wexford has identified 14 killers, and sold prodigious quantities. But Rendell is fascinated by untimely death and doesn't only want to produce carefully clued and plotted mysteries. One name was not enough. A few years ago, she started writing also as Barbara Vine. *A Dark-Adapted Eye* and *A Fatal Inversion* received great acclaim. They also overturned the normal procedures of detection: the murderers are immediately established, while their means and motive remain mysterious.

These novels are an amalgam of the Gothic (if it chills, no atmospheric device is too familiar), the melodramatic and the psychologically unsettling, refracted through narratives of disjointed time. The characters seldom charm, and evil sometimes goes unpunished (*A Fatal Inversion* looked brilliantly at how to commit a very imperfect murder and get away with it). They are distillations of the essence of crime writing – that appearances can deceive – and raise fear without effort and gooseflesh without compunction.

Going Wrong is typical of neither Vine nor Rendell. Set in contemporary London, it is the story of a teenage love which cools with disastrous results. Guy is an affluent young businessman with a dubious past; Leonora, the daughter of west London prosperity who deserts him for someone of her own background. The murder at the end is off-stage. It is almost a whodunit seen from the other side: we have followed events leading to homicide which the police meanwhile had to reconstruct to find the killer.

The book has an experimental quality to it, and succeeds more as an analysis of class misunderstanding than as a study of crime. Rendell's eye for social nuance is acute and she exposes Notting Hill trendiness unmercifully. She also understands Guy, dissecting carefully his aggression, his working-class conservatism (women should look pretty and allow themselves to be paid for), his chippy eagerness to impress and belong. But this convincing portrayal robs her narrative of suspense or tension. It was soon obvious to me, and I am a poor detective, what was going to happen. And the moment predictability sets in, the unattractive creatures of crime writing also become tedious.

Clive Fisher

For the call of the running tide . . .

***Angela Wigglesworth** discovers the gull's way and the whale's way when she catches sea fever in the Isles of Scilly*

IT IS hard to believe that the Isles of Scilly (islanders do not like you to call them the Scilly Isles) are only 28 miles south west of Land's End. Many of the 2,000 inhabitants don't even feel Cornish, let alone English. They're Scillonians, they say, although you have to be born on the islands to merit that title.

Only five of the 100 or so islands are inhabited: St Mary's, Tresco, St Martin's, St Agnes and Bryher. There are no private cars except on St Mary's; Sunday papers arrive on Monday and tides rather than time control events. Whales, dolphins and porpoises are regular visitors, and Atlantic grey seals breed in the outer reefs; puffins and cormorants sit on the rocks that jut from the unpolluted sea. In October "birders" from all over the country come to see rare species blown in from Siberia and North America.

'Well, my dear, I'm glad we're here in the peace and quietness'

We stayed on Bryher, "land of hills," one mile long and 1½ miles wide, the smallest of the inhabited islands with a population of 74 and an extraordinary variety of landscape. The east coast is sheltered and a five-minute boat ride or 15-minute walk across the sand at low tide to neighbouring Tresco. On the rugged west coast, Atlantic seas lash the rocks of Hell Bay, while in the south, there are sandy beaches and safe bathing.

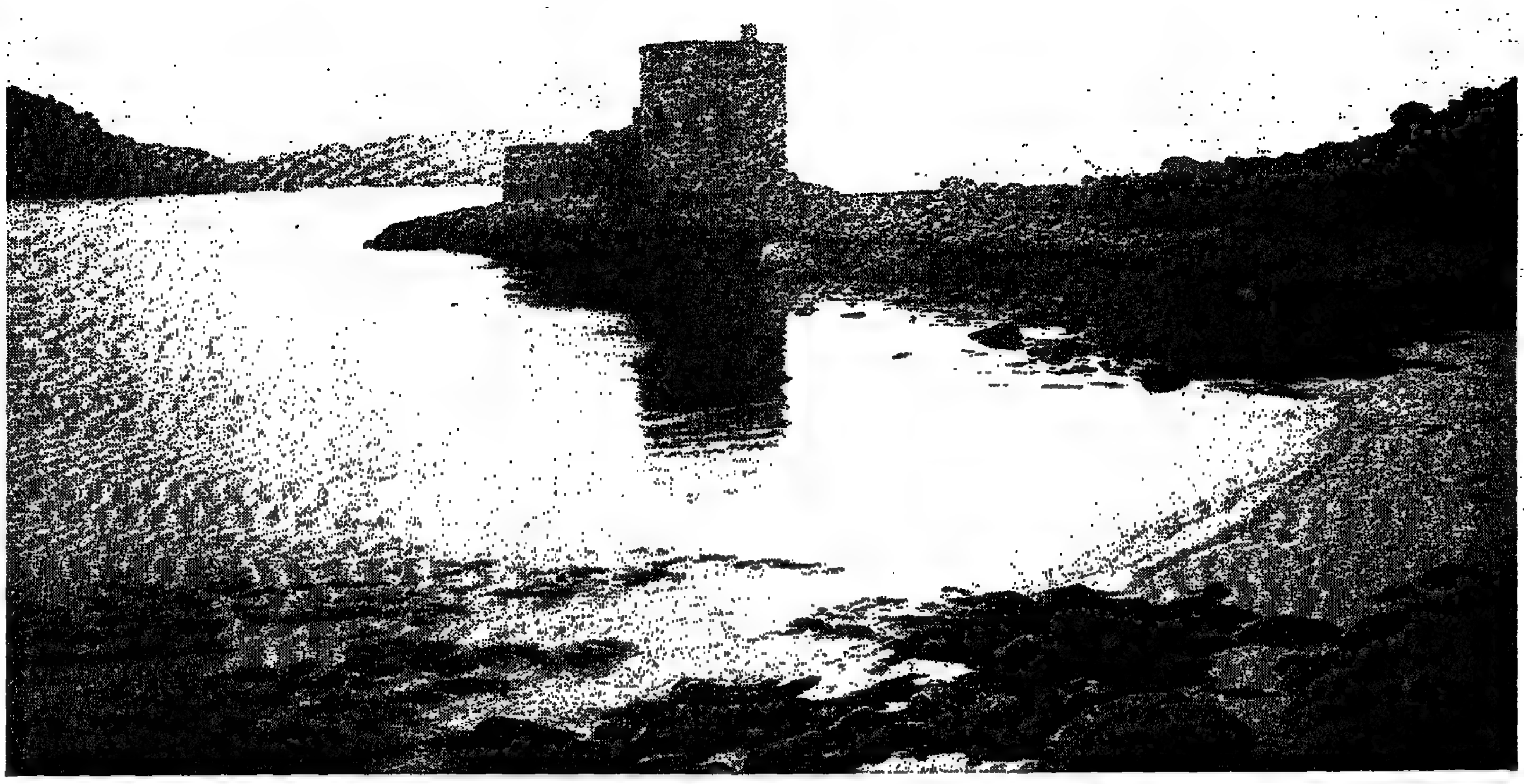
There is a post office and general store, one hotel, one café (a new restaurant is being built), four guest houses, one camp site and self-catering cottages. Oil lamps hang from the beams in the 18th century church and its graveyard in April was perfumed by white bluebells that grow all over the island and smell strangely of garlic. We later discovered they weren't white bluebells at all but three-cornered leeks, and if cows eat them their milk tastes of garlic, too.

Everyone on Bryher seems to think it is the perfect place to live so I asked 72-year-old Leonard Jenkins (whose family has been here for more than 300 years and once numbered a third of the population) and his wife, Lizzie, what they liked about it.

"Well, my dear," said Leonard, as we sat at the dining-room table in the cottage where they have lived for more than 50 years, "when you listen to the radio and hear this is happening and that's happening and something else is happening in the world, I'm glad we're here in the peace and quietness. Of course, you have to take the rough with the smooth and sometimes it's blowing a howling gale and you say: 'Oh God, we're cut off.' But my father used to say it isn't always rough, there's lots of fine days – and that's true."

In fact, the name Scilly comes from "sully," meaning sunny, and the islands have a mild climate with an average winter temperature of 8°C. Daffodils bloom in November and orchids and sub-tropical plants grow wild in the hedgerows. Four years ago they had the first snow for a quarter of a century; the hard frost that followed killed many of the trees and hedges.

In a small cottage up the lane from the quay, Dorothy Pender sells memorabilia in her front porch to raise money for the local lifeboat. She was born on St Mary's but has lived on Bryher since she was married 50 years ago and now helps her son, John, dress the crabs he catches. "Sometimes I get fed up seeing them," she laughs. "Well, if you had a blooming great basket of crabs brought in which all have to be boiled and cleaned and picked out . . But I couldn't sit twiddling my thumbs all day, I'd go mad."



Cromwell's tower and Tresco on the Isles of Scilly: puffins and cormorants sit on the rocks that jut from the unpolluted sea

Further down the lane is Vine Café run by Kath and Jim Nicholls, who came from Worcester 20 years ago. Built as a flower house and still used to tie up daffodils in winter, the café is much prettier inside than out and serves good food cooked by Kath who gets up at 5 am to start work on her bread rolls, caramel slices, almond gateaux and lemon and orange meringue pies. The menu chalked up on the board outside includes "things on toast" for the list, she said, was too long to write up. Our evening meal for two – excellent fish with vegetables, salad and rolls, plus Kath's superb desserts – came to £12.50.

Hell Bay Hotel, which also serves as the island's only pub and licensed restaurant, has been run for the last four years by Sorrel Atkinson, who had an art gallery in Kent before the family came to Bryher on holiday and decided to buy the hotel and stay.

One of the pleasures of an island holiday, of course, is being in boats. David Stedeford bought his first when he was 17 and now, with Ken Jenkins, runs Bryher Boat Services which operates in a happily flexible way: if you stay on Bryher or Tresco you can go, tides permitting, wherever you want as well as take the regular trips to the main islands, Bishop Rock lighthouse, the Eastern Isles and Western Rocks for sightings of seals and puffins.

You can go fishing (rod and tackle provided), dive with experienced boatmen (more than 1,000 shipwrecks have been recorded in the Scillies) and on summer Friday evenings follow the traditional gig racing when islands compete against each other in long narrow boats. We walked Bryher's rough tracks. In the warm April sunshine, violets, celandines and the ubiquitous leek were growing in the grass beneath the low stone walls and hedges of *pittosporum* that edged the bulb fields. And one night we went up over Shipman Head Down and listened to the Manx shearwaters as they swooped over the cliffs.

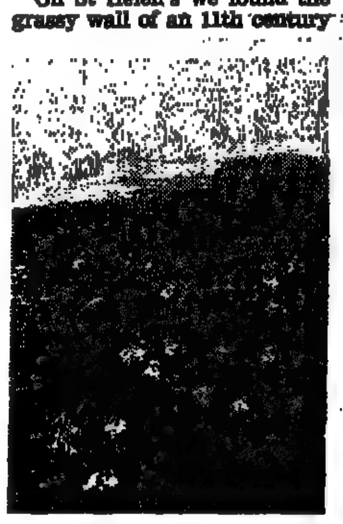
The other main islands are all very different: St Mary's, the largest at three miles by two and the social centre, has shops, restaurants, pubs, a museum and craft workshops; Tresco has sub-tropical gardens that were started by Augustus Smith in 1834 and are now home to exotic plants and trees from all over the world. A new luxury hotel has just been built on St Martin's which is not as incongruous as it sounds, for Cornish hotelier Robert Francis has designed it as a cluster of cottages that blend happily with the landscape.

St Agnes, the most south-westerly community in Britain, has an excellent pub, the Turk's Head, which claims to serve the best pasties in the country, and at low tide is connected by a sand bar to the tiny island of Gugh that has one family living on it.

There is something indefinably appealing about uninhabited islands, and one afternoon we explored two of them. "Hold on now as we take the beach," David called as he drew his boat close to the shore and produced a short ladder and plank for us to land on Samson's white untouched sand without getting our feet wet.

The island was inhabited until 1855, when all the men were drowned in a shipwreck and the women couldn't manage on their own. Today only ruins of their cottages are left and the remains of Bronze Age burial chambers lie along the tops of the two granite hills that rise to 100 feet and are connected by a sandy isthmus.

On St Helen's we found the grassy wall of an 11th century oratory to which there is a pilgrimage every August, and the ruins of a "pest house," used until this century for any passing crew suspected of having an infectious disease.



Wild garlic flourishes on the islands

We stayed in one of two well-equipped "cabins" on the edge of a small secluded bay. Bryher Stores, which sells everything you could want on holiday, was a two-minute walk across the beach and June Bushell, who runs it with her husband, Ralph, has baked 290 bread rolls and 30 loaves by the time the shop opens at 9 am.

■ THE "cabins" on Bryher have one double and one twin-bedded room, sitting room, kitchen and bathroom. Price from £198 to £355 a week depending on season. Information from Chris and Lesley Hopkins, Harbour View, Bryher, Isles of Scilly. Tel: 0720-22844. A wide range of accommodation on all the islands is also offered by Isles of Scilly Inclusive Holidays, Jenford, Bryher, Isles of Scilly. Tel: 0720-22200. I travelled via InterCity sleeper to Penzance and there are 20-minute helicopter flights from there to St Mary's and Tresco, or a 2½-hour sea trip. From Land's End, Skybus operates a 15-minute air service.

Estonia's brave new world

A small, modestly beguiling nook of Europe

***Arthur Jacobs** sniffs a sense of lived-in history in Tallinn*

AS THE republic of Estonia moves cautiously to independence, its capital city of Tallinn faces a new future in more than a political sense. Visibly preserving some six centuries of history, it promises to establish itself on the tourist map of Europe. Its compactness is part of its charm, almost all the sights being within a pedestrian's stroll from one of the city's three major hotels.

Made more remarkable by the flatness of the surrounding countryside, Tallinn is a split-level city. Yet less than five minutes is needed to walk the winding footway from the upper town, with its massive fortifications, to the lower one, which forms the civic and commercial centre and houses the 14th century town hall. Apart from a few major boulevards, the streets are narrow, occasionally cobbled. Road surfaces and buildings tend to be Soviet-shabby, but the sense of lived-in history is strong.

A long, typically narrow street connects this central area with the harbour on the Baltic which gave Tallinn its ancient strategic and commercial importance. In 1219 King Woldemar of Denmark sacked an earlier settlement and built as a fortress what is now called Toompea, the upper town. From 1285 Tallinn prospered as a member of the German-based Hanseatic League of merchant ports which dominated Northern European trade. Even now, the high gables of Tallinn speak an architectural kinship with a north German port like Luebeck – even with Amsterdam, though not with onion-domed Moscow.

Later, Estonia came under the rule of Sweden, then under that of imperial Russia. A mere 22 years of Estonian independence (1918-40) were followed by forcible incorporation into the USSR and a harsh Nazi invasion. Today the city's towers, churches, former guildhalls and other public buildings bear witness not only to successive styles and conquerors – and to the Estonian language and culture which have survived them.

You can arrive at Tallinn as Finnish vacationers do, by four-hour boat trip across the Baltic from Helsinki. A recent opening-up to the West has also established direct air connections with Helsinki and Stockholm. But to fly in from Moscow gave me the strongest feeling of the distinctness of Estonia and the reaction of its tiny population (1.6m) against Soviet centralisation. The clocks at Tallinn airport, regulated by Aeroflot, inform you that it is 12.30, but everywhere else in Tallinn it is 11.30. No matter what Moscow says, the Estonians have unilaterally changed their time-zone.

In a city of 500,000, Russian-language signs are everywhere paired with their equivalents in the vowel-clustered Estonian tongue, which has no close relation except Finnish. English is fairly widely spoken, with German often available. To cope with an English-Estonian dictionary would be an act of bravado, which is why I wanted one. But I was foiled! No such thing (nor a French-Estonian nor German-Estonian dictionary) was to be found. This is not surprising if one knows the arbitrariness of stocks in Soviet bookshops, even those of Moscow and Leningrad. Tallinn's official city guide should have been on sale, I was told, but I had to make do with its equivalents in French and Russian.

Roaming unescorted among Tallinn's architectural treasures, some now being restored by specialists from Warsaw, I became fascinated by the churches. The baroque bell-tower of the Toomkiri struts above the city. Within, leaping over the pews, a huge, covered-in structure stretches transversely from the side towards the altar: here, the better-off worshippers could sit without brushing the lesser folk.

In the lower town the Niguliste, or St Nicholas Church, damaged by fire, has been reconstructed in the style of its lofty Gothic original. It now functions as a concert hall, with Sunday "organ concerts" of the kind you might encounter in a German or Dutch town.

Tallinn's modern cultural life is represented by an opera and ballet theatre, a concert hall with regular orchestral programmes, a repertory theatre playing in Estonian and another in Russian. (The visitor is constantly reminded that about one-third of the population of Estonia is Russian). By far the biggest popular artistic event is the city's five-yearly festival which assembles as many as 30,000 folksingers, dancers and instrumentalists in their national costumes.

Not surprisingly, general politics and the extension of contacts with the West are frequent subjects of conversation; environmentalism is another. Soviet industrialisation of Estonia has caused decay of buildings, plus other pollution. When I was there, the city's historical museum was almost entirely given over to a Swedish exhibition on pollution, with appropriate literature being distributed in Estonian and Russian.

I spent a week at the 26-storey Hotel Olympia. I found the room and room-service satisfactory, but was depressed by the fare in the self-service buffet (unchanged from breakfast to late supper) and infuriated by slow, uncaring Soviet service in the hotel restaurant.

For a different world of courtesy and luxury, I took some meals in the Palace Hotel, a part-Swedish venture within the SAS travel group. Different indeed, for it accepts hard currency only, with prices calculated approximately 10 times as high as you would pay at the Olympia or at another hotel of similar type, the Viru.

Shopping in the ordinary department stores or smaller shops of Tallinn is, despite a rate of exchange fantastically favourable to visitors, made generally miserable by the paucity of stocks and length of queues. Table linen and scarves, Estonian-made, are worth taking home. But what you mainly take home is the memory of a small, modestly beguiling city perched in a nook of Europe and a nook of history.

TRAVEL

Wonderful blizzards of Oz

***Arnold Wilson** finds plenty of snow on the pistes in Australia*

THE BLIZZARDS in Oz have been chucking it down this winter: Australia's ski resorts are having their best snow for nine years. In many places the season has been extended by a fortnight until mid-October.

On the upper slopes of the Snowy Mountains in New South Wales, the eucalypts – better known simply as gum trees – are bent under the weight of snow and bitter south-east winds (south facing slopes are the coldest Down Under). Mercifully, the winds tend to die down by the time most skiers are on the mountain by mid-morning.

New Zealand is also having an unusually good winter.

It is strange to think that most Australians have never seen snow, let alone skied on it, and many don't even realise that there is snow in Australia.

A Geordie with whom I

'I was astonished when I discovered people skied in Australia'

shared a chair at Thredbo in Kosciusko National Park, NSW, only learned to ski after emigrating to Sydney.

"I was astonished when I discovered people skied in Australia," he said. Some children making their first visit to the snow were actually scooping it up and eating it with the same relish that they would normally reserve for ice cream.

Although little known, the standard of Australia's best ski resorts is surprisingly high.

Thredbo, Perisher-Smiggins and the world's newest ski resort, Blue Cow, are full blooded resorts that may not be the world's biggest or best, but run for run are just as good as anything to be found in a middling European or US resort. Nobody who has skied Thredbo's Funnelweb or Cannonball trails could dispute the quality of these black runs. And the High Noon and Crackenback supertrails are both excellent and exhilarating blue runs.

Perisher effectively started as a small club field when two primitive log cabins for tourists were built in 1952.

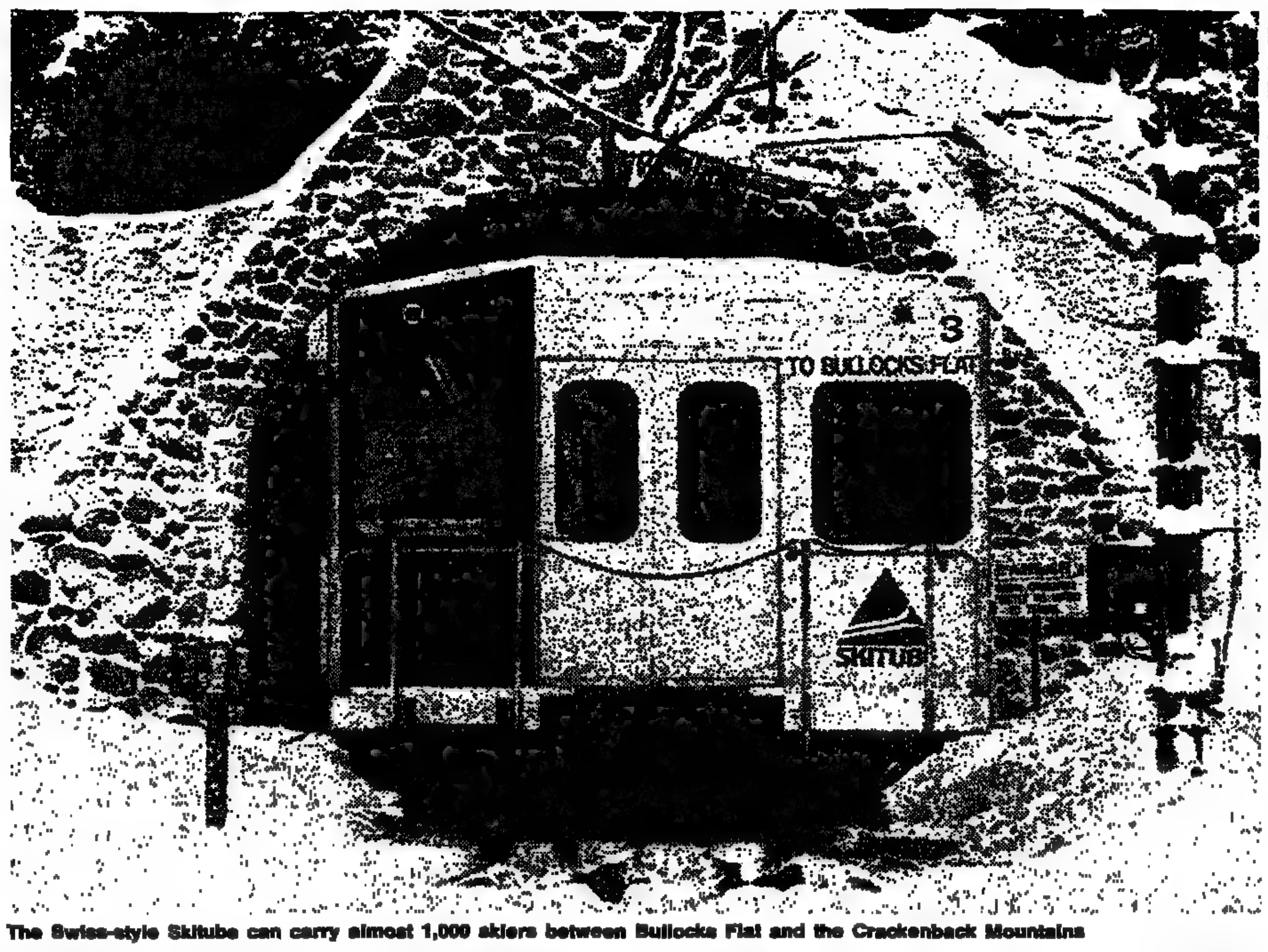
Kerry Packer's Australian Consolidated Press bought the resort in 1972. It now has 200 instructors, 30 lifts, including the highest in Australia (Karel's T-Bar: 6,208 feet), 75 miles of trails, extensive snow making and some wonderful open bowl skiing off the Olympic and Eyre lifts and in Sun Valley.

There are ideal beginner slopes at neighbouring Smiggin Holes (the name is derived from a Scottish phrase for the water-filled holes made by cows as they trampled around licking rock salt). The most popular version of the story behind Mt Blue Cow is that it was named after a stockman who lost his wife's milking cow in the hills one summer, only to find it frozen to death the following spring.

Blue Cow is another ski-almost-where-you-like resort with one of Australia's longest runs (the Marathon: 2.6 miles) and one of its blackest (Kamikazee) among its 24.

Another resort nearby, Guthega, an old ski field which was developed back in the 50s, has 25 miles of marked trails which include an exhilaratingly steep descent called Parachute which plunges you headlong down a swathe through the trees, only to bring you to a halt at the bottom with a sudden incline like the end of a kilometre lancé course.

Thredbo Village is 17 miles from Jindabyne, and just under 70 miles by road from Cooma – a 75-minute hop by air from Sydney. Most Melbourne skiers drive to the Victoria resorts such as Mount Hotham and Mount Buller.



The Swiss-style Skitube can carry almost 1,000 skiers between Bullocks Flat and the Crackenback Mountains

Thredbo can be a little disorientating to a skier already confused by some American resorts' attempts to ape their European counterparts. It is a bit of everything. Architecturally it is influenced heavily by the European Alps, with ersatz Swiss and Austrian-style high mountain chalets and wooden hotels, and the sound of Down Under *gemütlichkeit* wafting from any number of Tirolian evenings.

But there is also more than a touch of American Rocky Mountain atmosphere thrown in. The ubiquitous eucalyptus trees, some squawking parrots and Austrian Dopplemayr lifts complete the confusion. (One of Thredbo's lifts is even called the Snowgums Chair).

The ethnic *pot pourri* is hardly surprising. Thredbo's development was shaped by numerous Europeans who arrived in the late 50s to construct 17 dams and seven power stations for the huge Snowy Mountains hydro-electric scheme. Finding themselves in mountain country which superficially reminded them of home, they took up skiing. And many of them stayed. Two Czechs and an Austrian are credited with starting Thredbo Ski Village and have T-bars named after them: Sponars, Karels and Antons. To this day, you constantly bump into Austrians and Swiss who either live there or who work in winter sports the whole year round, spending their summer months in Australia.

Hubert Engel's Candlelight Lodge could have come straight out of the Tirol were it not for the exotic crimson rosellas and the jabawock cry of the pied carrawongs as they cavorted in the snow flurries outside my window. Less enchantingly, I could also see and hear Thredbo's latest pride and joy: a mountainful of snow cannon which are said to be the biggest snow-making system in the southern hemisphere.

This has dramatically increased the number of days when skiers can enjoy a top-to-bottom carpet of snow. It is almost as noisy as having an airport outside your room. Each night a dozen resort staff roam the mountain on skidoos switching snow guns on and off, fine-tuning the snowfall according to need, and alternating nozzles to precipitate a drier mix and a heavier or lighter spray depending on temperatures.

They can easily get through 1.5m gallons of water a night like this. They even wear dark clothing so that they can hold their arms out in order to see the quality of the snow as it falls. The whole operation is masterminded from a computerised nerve centre described as a Rolls-Royce of snow-making systems by the locals, where red lights representing

A war of nerves is being waged between Perisher and Blue Cow

each snow cannon light up as they are turned on.

The flagship of Thredbo's lift system is the newly-installed Crackenback detachable quad. At the top you can eat and drink well in the new Eagle's Nest restaurant, or climb even higher by T-bars above the trees into a windswept and desolate area dotted with outcrops of rock. When these are piled high with fresh snow they are said to resemble sheep, hence their name: Ramshead. From up here, if you are lucky, you can ski glorious untracked powder through the snow gums, unless the wind has got to it first.

There is also a long back country descent down through Dead Horse Gap, reputedly named after an unfortunate beast shot by its owner after he discovered the animal was habitually piercing its burden of salt sacks on eucalyptus stumps in order to spill the contents and lighten its load.

Blue Cow (5,790 feet), in Blue Calf Pass, is only in its fourth season, and the sole means of access is the controversial £75m Skitube, a Swiss-style rack and pinion mountain railway carrying almost 1,000 skiers which starts at Bullocks Flat near the Crackenback resort and cuts almost four miles through the Crackenback Mountains, visiting Perisher on the way. (There are two versions of the origins of the name Crackenback: stockmen bringing cattle and sheep on to the main range from the Thredbo Valley said the tough terrain would "crack yer back." Others said you had to crack your whip across their backs to get them there).

The Skitube journey to Blue Cow takes just under 20 minutes. Eighty-two per cent of Transfield, the firm which operates the tube, is owned by the Japanese company Kumagai Gumi, which is rumoured to be interested in buying a ski resort to go with it. The Japanese have already purchased two ski resorts in the US, and are also making predatory noises in New Zealand.

Blue Cow, which also has top-to-bottom snowmaking, is a "day" resort – there is no accommodation, but there is an excellent *a la carte* restaurant, the Top Spot, plus Australia's highest bar, the Water Hole. Unofficially it is possible to ski from Perisher to Blue Cow and on to Guthega, but at the moment there is no joint lift pass.

Currently there is a war of nerves being waged between the two, with Guthega waiting nervously in the wings as a possible pawn in a takeover plot. There are strong rumours that Perisher-Smiggins might buy the *parvenu* resort of Blue Cow. But that would mean inheriting the huge running costs of the Skitube, so the reverse could happen, too.

Indeed, Packer recently crossed into enemy territory on a snowmobile (without per-

At Packer's Palace you can have lobster day and night

mission from Blue Cow) on what some say was a casing exercise. He reportedly asked Blue Cow to name its price; suitably frustrated when it refused to do so, he suggested, perhaps as a joke, that Blue Cow might care to put in an offer for Perisher. Another permutation would be for Blue Cow to buy Guthega and gang up on Packer. Either way, moves seem almost certain within the next year or so.

For the time being, Packer, who also owns the luxurious Perisher Valley Hotel (known as Packer's Palace, you can have lobster there day and night, and eggs Benedict with salmon every morning) is preoccupied with buying cattle stations, sorting out the problems of his re-acquired Channel 9 TV station and doing his own skiing – not in Australia but in Colorado.

He knows that Australia's snow is as unpredictable as Europe's. But if Europe gets anything like the quality and quantity that has fallen in Australia recently, there will be champagne corks popping from Avoriaz to Axamer Lizum, and for once Colorado and the rest of the American Rockies will not have a monopoly on exquisite skiing. But it's only an if...

Detroit looks on the bright side

***Janet Bush** sees an oddly-coloured phoenix rising from the ashes*

THE glass-plated skyline of Detroit shimmers with promise. A sleek elevated monorail sweeps along the waterfront of the narrow river which separates Motor City from its Canadian neighbours. A cluster of outsized steel and glass towers called the Renaissance Centre dwarfs everything and screams progress.

A few miles to the east, Sam Mackey sits on the porch of his paint-peeling clapboard home, reminiscing about the bout of influenza that saved him from fighting in the Second World War and talks of visions of the Virgin Mary.

A sprightly black man of 92, he shoos away a bunch of chattering children and their skateboards on Heidelberg Street. Chickens root around in the front yard in the sun; a man wearing his Sunday suit and Homburg ambles by on his way to church.

A handsome couple from a suburb 25 miles away, the man black, the woman white, walk along holding hands. The man is showing his girlfriend the east Detroit neighbourhood where he grew up, although the house where he was born has long since been demolished.

He talks in disparaging terms about Coleman Young, Detroit's black mayor, who has presided over an attempt to revitalise a city ravaged by civil rights violence in the '60s and devastated by competition from Japanese car manufacturers in the '70s.

A facet of this attempt at revitalisation is the vainglorious Renaissance Centre, which was the site of the 1980 Republican national convention that chose Ronald Reagan as the party's presidential candidate and so inaugurated a decade of free market monetarism and social decay.

Take a stroll around the water front on a Saturday afternoon and the glass plate seems like one of those flat-fronted movie sets that have nothing behind their facades. The People Mover monorail is sadly empty of workers, who retreat to the suburbs at weekends, and old black men curl up asleep on the fresh-painted benches overlooking the river.

At night, downtown Detroit is empty apart from some blues bars catering to young professionals and convention visitors who arrive there by car through streets that are some of the most murderous in America. Clubs shut down at 1 am in a city that has one of the richest musical histories anywhere.

At 2648 West Grand Boulevard, a crumbling highway that cuts a swathe through northern Detroit, stands a small, blue-painted house emblazoned with the words Hitsville USA. Now a museum, it was once the home of Berry Gordy, the former assembly line worker who built a recording studio in his back room and founded the Tamla Motown label.

It was here in Motown Studio A that a scrawny blind boy called Little Stevie Wonder first thumped out some drum rhythms and where a young Detroit woman called Martha Reeves, working for Berry Gordy as a secretary, was asked to do some hand-clapping on a recording because one of the back-up singers had not turned up. She soon vaulted to fame with her group, the Vandellas.

Hitsville USA, still a magnet to music fans from all over the world, tells much about this city. Like the huge brick industrial park further east on West Grand Boulevard, the entrance to the old Packard car plant overgrown with weeds, it is haunted by past glories.

Berry Gordy, whose open door attracted an unprecedented crew of talented youngsters straight off the city's streets, moved his multi-million business to Los Angeles in the 1970s. But this shabby little building is also a great source of pride in this sadly downtrodden community. The Renaissance Centre may have scored some success in convincing private capital to come to Detroit to replace the paternalistic wealth of the car companies, but the real spirit of the city resides in the inconspicuous and the personal.

In east Detroit, an oddly-coloured phoenix has risen from the ashes. Driving through a neighbourhood of decrepit clapboard homes, with redstone Baptist churches on almost every corner and closed-down social clubs, there is a paint-cracked bench. Three plastic dolls sit there, oversized high-heeled shoes dangling from their feet. In a tree whose trunk is painted with red and blue blotches hangs a bicycle.

Turning on to Heidelberg Street, the asphalt decorated with dots and stripes like a nursery school finger painting, there is a house encrusted with hundreds of brightly coloured objects. A rowing boat lurches across the grey-tiled roof; a telephone booth sits on the porch.

This is called Fun House and is the work of sculptor and painter Tyree Guyton, Sam Mackey's grandson. Embellishing a run-down neighbourhood with urban detritus may seem a strange route to revival, but it has worked. Mystified visitors cruising slowly through this surreal outcrop have scared away the prostitutes and crack dealers. A young black man shouts out to the driver of one slow-moving Cadillac: "Do you like it?"

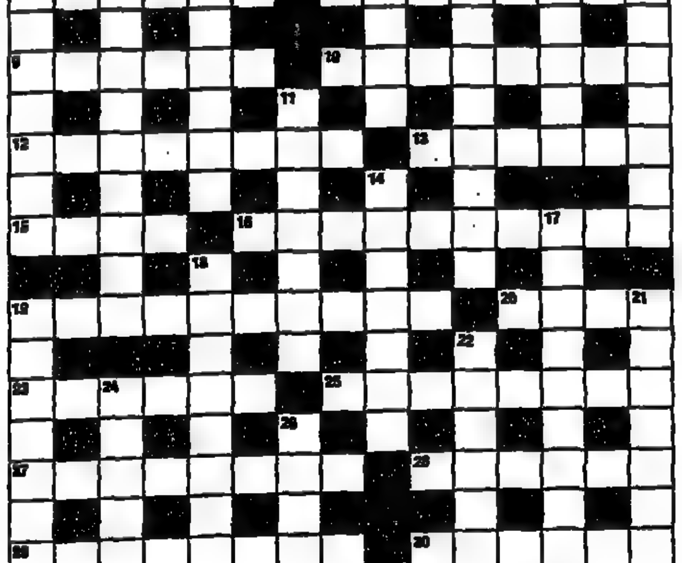
Tyree's wife Karen stands chatting on the sidewalk with three of their sons, getting ready for church. "He wanted to give something back to the community," she says proudly of her husband.

Mayor Coleman's city is the one touted in the brochures found in every air-conditioned hotel room. The real Detroit lies in the cracked facades of old car plants, the little house on West Grand Boulevard, and the shady porch on Heidelberg Street.

CROSSWORD

No. 7,336 Set by CINEPHILE

Prizes of £10 each for the first five correct solutions opened. Solutions to be received by Wednesday September 19, marked Crossword 7,336 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday September 22.



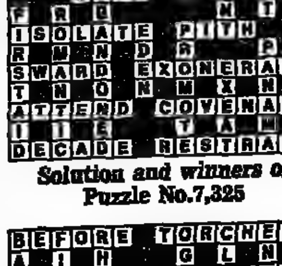
ACROSS

1 It leaves speed for sticks (6)
4 Tea party, awful fun in bay (3,5)
9 Fall out of line in mutual reversal (6)
10 Disappointment about .... to pass away? (4,4)
12 Assistant at court, we hear, for fencing (8)
13 A snare's returning to Greek city (6)
15 Polish and Yugoslav leader must be red (4)
16 Theatrical type finds motto for South American city (10)
19 Spoilsport after hot water bottle burst? (3,7)
20 Strike up when lavish (4)
23 Feel bitter when dispatched again (6)
25 Dog with collar for office work? (8)
27 Condiment for cruet I'm right to adjust (8)
28 Damage one thousand and two? (6)
29 Nice appeals to hill-dweller (8)
30 Quite fair (6)

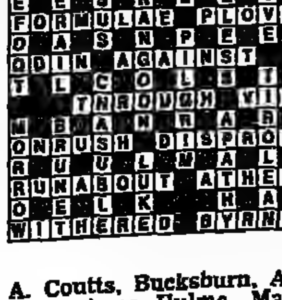
DOWN

1 Enthusiast in audience, a fast mover? (7)
2 Small part, controlling small horse? (6,3)
3 Negligent about girl (6)
5 Threatening isn't fair (4)
6 Pet wolf's turned chicken killer (4,4)
7 Donor seen in something I've read (5)
8 Trouble with rent causing storm (7)
11 It's very hard to get publicity for a male model (7)
14 Attendant on duty is neat and tidy (7)
17 Unwilling to rearrange clutter and insert article (9)
18 Poppy for Moll? (8)
19 Labour victorious on kitchen unit? (4,3)
21 Little old king in quarry with little old horse (7)
22 First coat for book may be explosive (6)
24 Extravagant party is wrong per se (5)
26 Celebrity in pride (4)

Solution to Puzzle No.7,335



Solution and winners of Puzzle No.7,325



A. Coutts, Bucksburn, Aberdeen; Anne Hulme, Market Drayton, Shropshire; Harold Margolis, Royston, Herts; K.E. Morrice, Potterton, Aberdeen; Mrs O.J. Smith, St Albans, Herts.

BRIDGE

We shall start with rubber bridge and study The Vienna Coup:

N
♠ A Q
♥ A Q 10
♦ K Q 10 7 3
♣ A K 2

W
♠ 10 8 4
♥ 9 7 6 5 2
♦ 5
♣ 10 9 6 5

E
♠ 9 6 5 3
♥ J 8
♦ J 9 6 4
♣ Q 8 4

S
♠ K J 7 2
♥ K 4 3
♦ A 8 2
♣ J 7 3

At love all South deals and bids one no trump, promising 12-14 points. What should North bid - six or seven? To help him to make up his mind, North now says four clubs. This is Gerber, asking for aces on the Blackwood scale. South's response of four hearts shows one ace, and North now says five clubs, and the response of five spades shows two kings. That is enough for North, and he closes the auction with seven no trumps.

West opens with the five of hearts, the queen wins, and the king of diamonds is cashed, but when declarer crosses to his ace of diamonds, West shows out. Now the contract depends upon a squeeze against East. For this to succeed East must hold the club queen. The ace and king of clubs must be cashed – the Vienna coup. This establishes South's knave as a one-card menace against the queen. Dummy/s spades are cashed, followed by the ace and king of hearts and the king of spades. In the three-card ending East has knave, nine of diamonds and the club queen. South plays his last spade, discarding dummy's two of clubs, and East is caught. He is forced either to unguard diamonds or throw the club queen. If you don't cash the two top clubs, you cannot squeeze East – you will squeeze dummy. Try it and see. Another hand from a rubber illustrates Safe Establishment:

N
♠ K 9 2
♥ A 7
♦ K 7 6 4 3
♣ 10 9 6

W
♠ Q 7 6 5
♥ K J 9 2
♦ Q J 8
♣ 7 2

E
♠ A J 10 3
♥ Q 10 8 6 4
♦ 10 9
♣ 3

S
♠ 8 4
♥ 5
♦ A 5 2
♣ A K Q J 8 5 4

With North-South game South was dealer, and said one club, North replied with one diamond, East overcalled with one heart, and South rebid three clubs. West came in with three hearts, North said three no trumps, but East pressed on with a bid of four hearts, then South's five clubs was followed by three passes.

West opened with the heart two. Winning with the ace, the declarer drew trumps in two rounds, cashed diamond ace and king, and led a third diamond. West won, and a spade switch allowed East to score two tricks, and defeat the contract.

South could have done better. He should play low from dummy at trick one. East wins, and returns a trump. South wins with the knave, crosses to the nine, and plays the ace of hearts, throwing a diamond from hand. Now he cashes ace and king of diamonds, ruffs a third diamond, and his contract is delivered. He has set up the diamonds without letting West into the lead.

E.P.C. Cotter

CHESS

THOUGH CHESS is reputedly a winter game, high season for British grandmasters is May to September when the major tournaments are held. This year our players have competed in an almost unbroken sequence from the Pilkington Glass world title zonal and the Moscow World Cup Qualifier until last week's Lloyds Bank Masters.

The most notable individual success on this circuit has been Jonathan Speelman's victory in Moscow. Three players in their twenties – Conquest, Gallagher and Levitt – achieved grandmaster results at Lloyds Bank, while Nigel Short qualified for the world title candidates. But if there was a player of the series award for the best overall British results in the summer of 1990 I would award it to Michael Adams.

Still only 18, Adams was runner-up in the Blackpool zonal, albeit in the bizarre circumstances of a tiebreak decided by a computerised bingo caller; narrowly failed to qualify at Manila as the fourth youngest world candidate in chess history; was a solid fourth in the British championship, and tied for first at Lloyds Bank.

Adams' Fide world ranking in the latest, July 1990, list is No. 39 (No. 4 in Britain after Short, Nunn and Speelman). He has 2,590 rating points, but consistent play this summer is already likely to have advanced him to the landmark figure of 2,600, the level of a super-grandmaster in the world top 30. He is ranked the No. 2 junior in the world next to Gata Kamsky of the US, who was well behind Adams in Manila.

Greater success looks probable for Adams. He still has weaknesses, notably in his handling of last round pressures. A fellow-grandmaster says that Adams played his decisive final round game against Predrag Nikolic at Manila "like a child:" the winner qualified for the candidates, but Adams missed his chance with the white pieces. Then both in the British Championship and Lloyds Bank he agreed early last round draws when he had a possibility to take first prize. In summer 1989 when Adams made his surge to become our youngest ever grandmaster and national champion at age 17, he won several tournaments in a row, so arguably he has just swapped outright victories for a steady advance in the rankings.

The problem for Adams now is to maintain his competitive edge over the next several years. Since he qualified neither for the world candidates matches nor the World Cup, it will be at least 1993-4 before he is eligible to contest the next cycles of these prestige events, and 1996 before he could actually challenge Kasparov for the world title.

Yet his strategic skills are so impressive that, given his youth, he has every chance of reaching the world top ten, and even of becoming the recognised world number one outside Russia. The characteristic feature of his style is precision timing: he can sacrifice accurately in tactical positions, while his strategic game is always calm and unhurried, like a great cricket batsman in full command of his shots.

This week's game, played in an early round at Lloyds Bank, carries the hallmarks of Adams' quiet approach. With a fixed pawn centre and an advantage in space, he puts all his pieces on optimum squares before breaking through. There is the individual judgment, too: he allows the exchange of his active bishop at move 18, then swaps off the opponent's supposedly bad bishop at move 29. Both decisions are against general principles, but right on the day, and Black's game collapses without any obvious error.

White: M. Adams (UK).
Black: B. Zuger (Switzerland).
French Defence (Lloyds Bank 1990).

1 e4 e6 2 d4 d5 3 Nd2 Nf6 4 e5 Nfd7 5 c3 c5 6 f4 Nc6 7 Ndf3 Be7.

Most great players vary their openings, but Adams has absolute belief in 3 Nd2 against the French Defence and plays it at every opportunity. He is particularly good at exploiting Black's weak central pawns in the line 3...c5 4 exd5 exd5, as in his win over USSR champion Vaganian in Manila.

In the present game the Swiss master ducks the critical plan 7...cxd4 8 cxd4 Qb6 9 g3 Bb4+ 10 Kf2 g5!? when White may be better long-term but Black has tactical chances against the king.

8 Bd3 cxd4 9 cxd4 f5 10 Ne2 Nb6 11 h3 a5 12 g4 Bd7 13 Nc3 O-O 14 gxf5 gxf5 15 h4 Rc8 16 Kf2 a4 17 Be3 Nb4 18 Qd2!

18 Bb1 preserves the bishop, but Nc4 is an awkward reply.

18...Nxd3 19 Qxd3 Be6 20 b3 Qd7 21 Ne2 axb3 22 axb3 Ra8 23 h5!

The subtle plan, which unfolds in the next 10 moves, is to...g6 and so leave Black's f5 pawn effectively isolated.

23...Rxa1 24 Rxa1 Ra8 25 Rg1 Ra2 26 Qb1 Ra6 27 Bd2.

Anticipating 27...which would now be met by 28 Nc3 Qb4 29 Nxd5.

27...Na8 28 Ng5 Nc7 29 Nxe6! Qxe6 30 Rh1 Ra8 31 Ng3 Rf8 32 Qd3!

Completing the manoeuvre begun with 23 h5. Black's Q and R are tied to the defence of the f5 pawn, so that White is ready to switch back to the Q-side by Kg2 and Rc1 or Ra1 with an invasion by his own Q and R.

32...Na6 33 Qb5 Nb8.

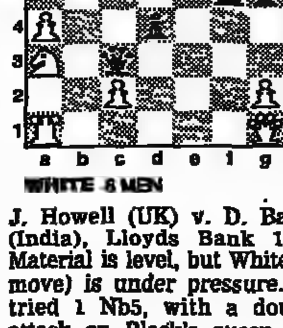
This belated bid for active play proves hopeless, but the endgame 33...Qc6 34 Qxc6 bxc6 35 Ra1 is also very good for White, eg 35...Nb4? 36 Ra7 Rf7 37 Bxb4 and the f5 pawn goes.

34 Qxb7 Nc6 35 Rc1 Nxd4 36 Be3 Qh6 37 Qxe7 Nxb3 38 Nxf5 Resigns.

Anatoly Karpov used to win in this style on his way to the world title in the early 1970s.

PROBLEM No. 837

BLACK 6 MEN

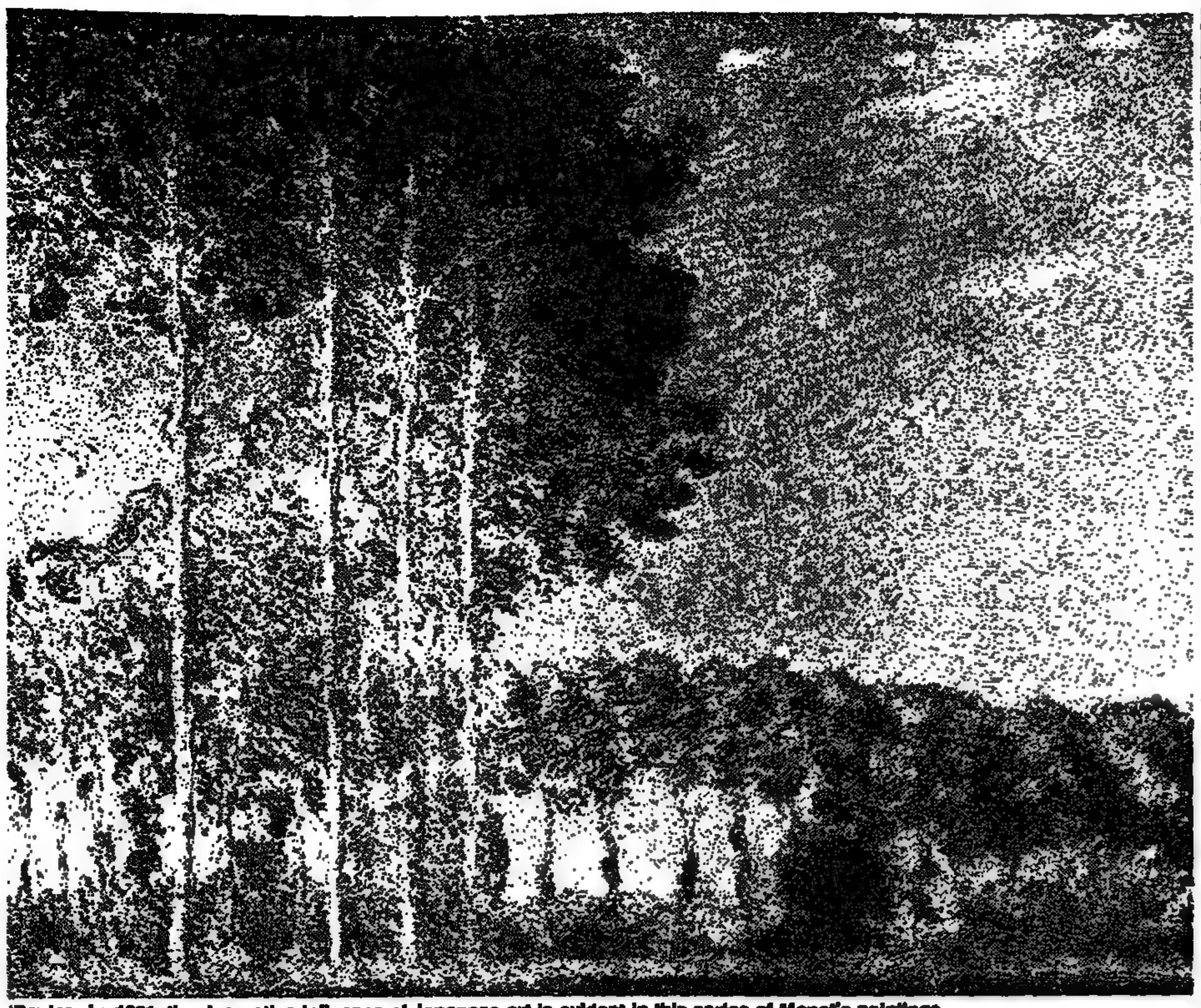


WHITE 6 MEN

J. Howell (UK) v. D. Barua (India), Lloyds Bank 1990. Material is level, but White (to move) is under pressure. He tried 1 Nb5, with a double attack on Black's queen and central pawn. What happened next, and can you find a better alternative to 1 Nb5?

Solution Page XVII

Leonard Barden



'Poplars,' c.1891: the decorative influence of Japanese art is evident in this series of Monet's paintings

A hedonist at the height of his powers

William Packer reviews the ravishing Monet exhibition at the Royal Academy

MONET IN the '90s, now at the Royal Academy (until December 9: organised by the Boston Museum of Fine Arts and sponsored by Digital Equipment), is quite simply an exhibition as physically ravishing as any we are ever likely to see. For there is no artist more hedonistic and indulgent of the senses than Monet, no-one to all appearances more freely intuitive in his statement of an image and handling of surface and pigment. No art more than his is so immediately sympathetic in its reference and associations, instinct with *la douceur de vivre* and all the poignancy of experience recognised and held in common. The light flicks and glances off the water, the haze shimmers over the cornfield, the trees stand bright in the sun or fade into the mist. We all but feel that summer heat, or the bite of the frost, or the damp hanging in the air.

And yet this same Monet is one of the great radicals and technical innovators in the practice of painting, of critical importance in the evolution of modernism. His is no blithe and thoughtless talent, and in his work, as in no other, we confront all the contradictions inherent in the art of painting – the intuitive touch and direct response to the visible world on the one hand, and the careful consideration and slow development on the other: thought and careful practice the natural complement to feeling. We look to Monet, from our late vantage point, as the forerunner of abstract expressionism, and we discover the painter immersed in the experience of the natural and physical world.

It is in Monet's series paintings the 1890s that we find these issues and contradictions peculiarly isolated, demonstrated and resolved. In 1890 Monet was 50 years old and while not yet quite the hero and celebrity he was to become, he was truly at the height of his powers. That year he bought the property on the Seine at Giverny that was to be his home for the rest of his long life. By the turn of the century the building work and alterations, above all the planting and landscaping of the gardens were complete. Giverny with its water-gardens, its lilies, irises and its Japanese bridge, would become the principal subject and inspiration of the last and greatest series of them all.

In the 1890s we find Monet in mid career and in a crucial phase of his life as a painter. By the end of the decade his reputation had been secured by the several series he had exhibited, that include some of the very greatest works of the entire oeuvre – the haystacks, the poplars along the river bank, the poppy fields and the paintings of the façade of the cathedral at Rouen. The great paradox of *Monet in the '90s* that in being for him so much a decade of fulfillment, it was in this very essence a decade of experiment, uncertainty and preparation.

In October 1890 he was writing thus to his friend and future biographer, Gustave Geffroy: "I am grinding away, bent on a series of different effects, but at this time of year the sun goes down so quickly that I cannot keep up with it . . . I am becoming a very slow worker, which depresses me, but the further I go the more I understand that it is imperative to work a great deal to achieve what I seek: 'instantaneity' above all . . . the same light present everywhere . . . In the end I am excited by the need to render what I feel . . ." Such a *cri de coeur* brings us back to the central contradictions of painting: the inherent slowness of the craft itself is ever at odds with the wish to fix the fleeting moment.

The nicety of Monet's case is that in him we discover an artist as nearly spontaneous in his work as artist can be, and in actual process, in the *Haystack* series, of producing some of the freest and most radical of images in the canon hitherto. And yet here he is complaining of slowness and difficulty and frustration.

The practical device of the series, with a number of canvasses current so that he might move from one to another as the light or weather shifted, was a brilliant if obvious solution to the artist's problem. Some canvasses are taken further, others left cursory or incomplete, some merely provisional essays or suggestions. Only with the Rouen sequence of façades, of which 10 fill the far end of the Academy's great central gallery, are all taken to a full, if wonderfully various conclusion, the light flickering off the rich impasto. There are times especially in some of the *Poplars*, when a clean single colour is applied rapidly through the image, as though it were a single block in the making of a Japanese print. In all the *Poplar* sequences the decorative influence of Japanese art is manifest, most of all in the simplest of them, the image barely more than a trellis of tree trunks along the bank, flat on to the picture plane.

This is not a dauntingly large exhibition and it is beautifully hung, if you ignore the uniformly awful frames. Its arrangement is more or less chronological, beginning with the Creuse valley paintings of 1889 to 90, and then the Haystacks, the Poplars and the Cathedrals, the fields and hedgerows, the Ice Floes, that so delicately anticipate the water lilies floating on the surface, the Normandy cliffs and coastline, through at last to the Thames at Westminster and the banks of the Seine densely overhung with trees. 1900 brings us to the end with the Japanese Bridge at Giverny. This is a wonderful exhibition.

*

The catalogue, as is now so regularly the case, is more the very latest study and monograph on the artist than bare list of exhibits, and weighty in proportion. It is the work of Paul Hayes Tucker, Professor at the University of Massachusetts, who was prime mover and curator of the exhibition. Having established Monet in the working context of the 1880s, he takes each series in turn, in generously discursive detail. It is a most handsome production, is the habit of the Yale University Press (£30, £16.95: illustrated in colour throughout).

Saleroom

High prices for high fliers

Aircraft will dominate the auctions this week, says ***Antony Thorncroft***

FIFTY YEARS ago the skies of southern England supplied the battleground for some of the most heroic encounters in the history of the nation. In the next few days relics and mementos of the Battle of Britain come under the hammer of the auctioneers. Fortunately bravery is not being disposed of cheaply with the rap of the gavel. All the proceeds of the two auctions at Phillips, on Thursday and on September 21, will go to the RAF Benevolent Fund while Sotheby's is giving half its sellers commission on its auction next Saturday to three flying charities.

Quite suitably the objects attracting the greatest attention, and the highest prices, will be aircraft. Sotheby's is offering a great rarity – a Hurricane, the first to appear at auction. It did not have a "good War," and did not feature in the Battle of Britain. It was built in Canada in 1942 and was used to train pilots. But there are probably only a handful of airworthy Hurricanes in the world and the growing band of aircraft fanatics, especially in the US and Japan, but also in the UK, will be willing to bid up to the £1.2m expected.

Spitfires are not so rare, with around 30 still able to fly the skies, but a 1944 aircraft for sale saw active service and carries a top estimate of £900,000. Both planes look and feel like the real thing but such was the wear and tear they suffered during the War, and later, that much of their structure will be patchwork. But they carry permits to fly: the shells of these fighter aircraft, which appear in aeronautical museums minus their engines, are valued at nearer £100,000.

The Spitfire and the Hurricane come from a poignant source – the estate of the late Charles Church who was one of those fanatics who dreamt of flying a Spitfire and with the money he made from his house building business was able to fulfil his ambition. He was killed last year flying a Spitfire.

Just as the salerooms have developed as a leading source for classic cars so they are examining the potential in selling aircraft. In the US there are organisations like the Confederate Air Force of Texas which can assemble a squadron of Second World War planes (but not a Hurricane), and Sotheby's is planning an aircraft auction in the US next year. Along with Phillips it has successfully held auctions of surplus Ministry of Defence aircraft – at the last such event in March over 20 planes topped £1m.

Scarcity of supply holds back the market. There are rumours of crated spitfires, shipped to the Soviet Union during the War and still awaiting assembly, a prospect to make an enthusiast giddy, but very few of the combat aircraft survived the War and the Peace. German Messerschmitts and Heinkels are almost unknown, apart from those flown by the Spanish Air Force after 1945.

Phillips aircraft seem bizarre but should be much cheaper. It is offering two MIG fighters, one the gift of Hungary, the other of Czechoslovakia. They will probably go for around £50,000 each but of course the maintenance costs will be horrendous. Phillips is also offering a Bleriot XI of 1911. It is a total reconstruction apart from the engine but seems cheap at around £20,000. The top price of £100,000 plus should be paid for a Bell Helicopter which featured in the James Bond film *Living Daylights*. It has an interesting military history – it was captured from the Argentinians during the Falklands War.

Phillips' sale is packed with donations from ex-RAF personnel, or their widows, and includes uniforms, leather flying jackets, medals, the air raid siren from the roof of Great Scotland Yard – and original watercolours and cartoons from the Jane strip in the Daily Mirror, which so helped to maintain morale: they were given by "Jane", Christabel Leighton-Porter. If the aircraft sell Phillips hopes to add £200,000 to the RAF Benevolent Fund's £20m appeal.

Sotheby's auction should top £4m and could set a record for a VC. It is offering the first VC ever awarded to an airman, to Will Rhodes-Moorhouse, who received it in 1915 after his successful bombing mission on the railway line at Courtrai, from which he returned mortally wounded. At least £100,000 is anticipated for this VC Group, with the money going to charities.

A lot with a direct reference to the Battle of Britain seems conservatively estimated, at up to £20,000. It consists of the DFM and Bar and other medals of "Ginger" Lacey, the most successful British pilot of the Battle, who was credited all told with downing 28 enemy aircraft, including the German plane which had bombed Buckingham Palace. Roughly the same price is expected for the medals of another celebrated airman, "Pick" Pickard, who was the reluctant star of the 1941 film *Target for Tonight* and who was killed during the 1944 raid on Amiens prison which enabled hundreds of French resistance workers to escape.

The Philips auction on Thursday takes place at a gala evening for the Benevolent Fund at RAF Bentley Priory at Stanmore, with entrance tickets costing £75. Sotheby's sale next Saturday is at the Royal Air Force Museum, Hendon. It covers over 700 lots and will last for many hours. Among the more specialist items on offer are a group of aircraft engines, including the innards of a Junkers bomber (estimate up to £18,000). More competitive bidding can be anticipated for some of the clothing; for a full length flying coat of the First World War, with map pocket, priced at up to £500; for an electrically heated flying jacket of the 1930s (estimate £500), and for the leather pilot jacket of 1942 decorated on the back with ten mission bombs and the slogan "To Hell with Hitler" above a picture of a crouching Führer. Bids should top £400.

Greta Garbo stars again

EVENTS LAST spring in Paris, London and New York have driven those speculator-collectors who during the past couple of sessions have been so prominent in the auction rooms back to the drawing-board. In auctions of Impressionist and Contemporary art in all three cities earlier this year an unsold rate of about 30 per cent became the norm and on at least one occasion, in June at Sotheby's in London, the "bought in" percentage rose to 64 per cent. These are not the sort of figures which attract vendors to the market and it is beginning to show.

The Fall season of sales in New York, at both Sotheby's and Christie's, promises to be fairly lacklustre. In November, Christie's will have a Van Gogh "Flowerpiece" and Sotheby's Francis Bacon's "Pope" but that is about as much excitement as can be expected. Nor will the nervous art-investor exactly take heart from the fact that the new boy on the block in New York, the Geneva-based auction house Habsburg Feldman, threw in the sponge a few weeks back as far as its American operation was concerned: over the last season it had strenuously attempted to make an impact in the area of Impressionist sales.

But the other auctioneers are not giving in easily and a number of "single owner" sales have been announced for the autumn season.

The single owner sale is one of the baits with which auction houses entice potential vendors. Such a means of disposing of one's possessions has the ring of history as one thinks of the great single owner sales of bygone centuries: the Stourhead Heirlooms Sale, the Hamilton Palace Sale or the Demidoff Sale. To be part of this tradition is very tempting. It immediately canonises one as a "collector," a word which signifies to most people exquisite good taste, education and refinement and it rarely dawns on anyone that the opposite may also occur: that when the trifles one lives with are paraded before the public as "a collection" people will be astonished at one's vulgarity. But vanity is such that to have one's name conjoined with the magic words "The Collection of . . ." and emblazoned on the front of an auction catalogue is something not many people can resist.

There are a number of such memorials scheduled for New York this Fall. As Rex Harrison's at the William Doyle Galleries in December has been cancelled, the coast is clear and the Greta Garbo sale at Sotheby's in November will be the star attraction.

Anyone who is hoping that Miss Garbo's personality might have been matched by her possessions is in for a disappointment. There is not a single painting by her fellow-Scandanavian, Edvard Munch: indeed not even anything that looks like "The Scream" and there is nothing at all that would have appealed to Queen Christina, Anna Karenina, Mata Hari, or any of the other women whom the goddess portrayed on the silver screen. On the contrary, Greta Garbo obviously lived in an environment which was identical to that of any wealthy Manhattan lady of her time. The apartment on E. 52nd St was furnished with Savonnerie carpets, 18th century French furniture, dainty ceramics, and pretty French pictures: the walls were probably painted eau-de-nil. There are three paintings by Renoir in the sale which are alternately described by Sotheby's as "tender," "poignant," and "charming:" terms that are shorthand for "chocolate box." There is a still-life by Bonnard and oils by Rouault and Jawlensky and then there are lesser works by Louis Valthe, Andre Lhote, Kees Van Dongen and others. There is a "large selection" of rare books and the entire sale is estimated to fetch in excess of \$30m. Highlights of the collection will be shown in Paris and Tokyo.

The Collection of the recently-deceased American composer, Virgil Thomson, which Sotheby's will sell on October 11, is much more personal. He bequeathed his music manuscripts to Yale but Sotheby's will offer the contents of his Chelsea Hotel apartment. Thomson spent time in Paris, where Gertrude Stein provided the libretto for his two operas, and a drawing of her by Christian Bérard, which commemorates the collaboration, is in the sale. There are other delightful oddities: the bed in which he composed his music and which was given him by the architectural historian, Henry Russell Hitchcock; and a very refined kidney shaped pie-crust table bequeathed to him by Alice B. Toklas.

Two contrasting collections, both originating in the trade but both to be sold by Sotheby's, are the Treleaven and Garcia collections. The former – mainly English furniture and ceramics – is very refined; the latter – everything about Louis XIV that one does not want to know – is embarrassingly *luxe*. The Treleavens owned Needham's Antiques in Manhattan, Jacques Garcia is a noted French decorator. Both collections will come under the hammer in October.

Christie's single-owner sales are more offbeat. Its season starts with a group of auctions next week on behalf of the American Bank Note Company, which for more than a century has printed bank notes for over 100 different countries. The sale offers proof sheets of old American notes, European notes will be sold at a later date. Another early season sale at Christie's is The Terence J. Fox Collection of Tea Equipage: about 200 tea caddies and some old spoons. Top lot is a pair of silver caddies by Paul de Lamerie estimated to fetch \$25,000-\$30,000; and that is not a figure that will grab many headlines for the Fall art market in New York.

Homan Potterton

Radio

Question of class

THE BRITISH Disease is Radio 4's name for its six-part feature on Thursdays about class. Last week we had an initial stockpile of brief class-moded sayings or events that proved nothing except that some people think or speak differently from others, and I found it hard to pay attention for 45 minutes. This week a more tangible conclusion was sought, that the apparent class level depends on the style of the home. The word "apparent" must be assumed in much of this business, for the class displayed is not always quite what it seems, and the theme is not closely followed.

Next Thursday's programme, which I have heard, deals, broadly speaking, with friendship; the following one, even more broadly, with work. What is not yet clear is the object of it all; we simply hear moments chosen by the director, Peter Everett, to represent the class-behaviour of different people. (Moreover, there are occasional radio inserts, hardly meant to be authentic.) What I await is some uninvolved, as it were Martian, comment on the effect of all this on civilisation as we know it.

I wonder whether class-distinction is really of more than surface importance among the young. Last Saturday I heard *The Radio 4 Generation*, young people debating "the influence of the media on youth culture." They were all looking for what they called a counter-culture, like there was (they say) in the 1960s. What were the two great influences? The media, certainly; and the ruling classes. Who were the ruling classes? Nobody quite knew.

An example of real class-prejudice was beautifully exhibited in Radio 3's play yesterday, an adaptation by John Peacock of Edith Wharton's *Madame de Treymes*, set in Paris at about the beginning of the century. Fanny de Malrive (Gwen Humble) is a young American married to an aristocratic Frenchman who has deceived her so grossly that she is seeking a divorce (civil only, *bien entendu*; he is a Roman Catholic).

John Durham (Philip Voss), also American, is looking forward to this divorce, for he wants to marry Fanny and set up home with her and her adored eight-year-old son. Christiane de Treymes (Anna Massey) is the erring husband's sister and a great beauty. She is so exclusive that John finds it hard, and expensive, to arrange the meeting with her he needs, to ask her if she will persuade the family over the divorce. When they do meet, she confides that she is in trouble, having misused family money. "I need help for help," she says.

In time the divorce takes place, so all is ready for John to gather up Fanny and her beloved boy. But no, not the boy. The court gave custody to Fanny, Christiane agrees, but another marriage is a new element. We will have the boy back. "We think only of the family." It is a gripping story, a terrible example of class-loyalty at its worst, and it was beautifully done under Jane Morgan's direction.

Another British disease is the celebration of anniversaries. Yesterday, Radio 4 gave the second programme of *Two Decades of Week Ending*, as if keeping the programme going had been a special achievement. "There's no reason why we should not carry on for another 20 years," said someone. Well, it's just the Controller's decision, surely.

B.A. Young

Multilingual mayhem

At the Venice film festival Nigel Andrews ponders on the disciplined anarchy that gives cinema its special charm

THE DANGERS of cultural indigestion are unique to the 20th century. When before in history could one summon up art at the push of a button (video, TV, film)? When before could one learn about art from a thousand newspapers and magazines? When before could one choke on art – *strangling* miles of it – at a film festival?

Sometimes at Cannes, Berlin or Venice one longs for the simple days when man's lifelong experience of culture was a few doodles on a cave wall. After three days at the 44th Mostra del Cinema we have had *inter alia* a Russian docudrama about Chernobyl, a Japanese comedy about Geishas, an Italian shock-horror film about juvenile delinquents, a Hungarian ditto about ditto, and an elegiac Canadian film, Cynthia Scott's *The Company Of Strangers*, about a bunch of old ladies struggling for meaning and survival when their bus breaks down far from civilisation.

They should complain? It is when the brain breaks down right in the middle of civilisation – Biennale time, Venice, 1990 – that we know we are in real trouble. Is my memory hallucinating or was there yesterday an Italian film called *Juliet and Romiaow* (sic), which transposed Shakespeare's play to Venice and enacted it with a cast of cats? (Vanessa Redgrave, Ben Kingsley and others speak the voice-off verse while the moggies prowl and emote). There was such a film? There, I thought there was, doctor.

And am I correct in thinking that during the garrulous French film *La Discrète*, a sort of "Liaisons Dangereuses" re-fashioned for Rohmer-era Paris, the English translator providing an earphone commentary for the needy muttered "*Oh God, I hate this film*." I am right? There, I told you so. Away with that white jacket with the exaggeratedly long sleeves.

However, while we wait for Venice to add quality to quantity, it is worth pondering on how the experience of film festivals might have struck pre-cinematic man. The most fascinating film here so far, apart from Signor Armando Acosta's Shakespearian cat epic, is Florence Dauman's *Hollywood Mavericks*. A dozen-odd US film-makers, including Scorsese, Altman, Coppola, Schrader and the late Orson Welles, jaw away about trying to be successful misfits in Tinseltown.

A self-congratulatory air is inevitable in such a film: how do you avoid seeming smug when asked to talk about your life as a rebel genius? But the welter of wise words comes close to defining cinema's special charm as this century's art form. That charm is its disciplined anarchy. Born out of chaos – a wild convergence of theatre, photography and the developing science of perception – cinema has thrived on chaos ever since. It makes gods of overweening misfits and monomaniacs: from Sternberg and Stroheim to Welles and Coppola. And it invents the film festival as a modern Tower of Babel where visitors spend hour upon hour sifting meaning from multilingual mayhem.

All this reflecting aloud may lead you to suspect that there are few films actually worth writing about at Venice so far. You are, alas, correct. Next week promises better with new work from Scorsese, Kaufman, Kaurismaki and Uncle Tom Stoppard. (His own film of *Rosencrantz And Guildenstern Are Dead* is Britain's sole competition entry.) However, I must single out one movie for raw vitality – a quality that wins few prizes but captures every honest filmgoer's heart – and one for dapper grace.

The Raw Vitality award goes to Marco Risi's *Ragazzi Fuori* from Italy, a furiously compelling piece of yellow-press cinema. A fresco of street life in Southern Italy, it casts non-professional youngsters (most of them real ex-juvenile offenders) as the story's thieves, tearaways, pimps and male prostitutes. No tidy moral: just a hellbent narrative and a scalding picture of a society in dissolution.

The Dapper Grace award, or mine anyway, goes not to everyone else's favourite in this category, Canada's *The Company Of Strangers*. The concept here is sweet – real-life wrinklies playing the lady castaways who abandon bus and find companionship in hardship – but the structure is sloppy and the ethno-human recipe too schematic. A black woman, a Red Indian, an Irish nun, an English cockney, a Canadian lesbian ... We have heard of cross-sections, but this is ridiculous.

No, James Ivory's *Mr And Mrs Bridges* gets the fine-bone statuette. Just when we thought Ivory had shut himself up forever in the E.M. Forster Institute for Demure Period-pieces (with occasional unhappy breakouts like *Slaves Of New York*), we find him inching forward in time while losing none of his flair for period nuance and sly social comedy. Dramatising Ruth Prawer Jhabvala's script drawn from two companion novels by Evan S. Connell, Ivory makes this 1930s/40s family saga set in Kansas City hum with irony and affection.

Paul Newman and Joanne Woodward are the ageing couple steering their leaky marriage through the storms of a changing America. Children hellraise, elope or go off to war; friends die or take to drink; fashions and passions change. Their own frail serenity becomes a centre around which life with a capital L rages. In one scene both funny and suspenseful, they dine on alone in a smart restaurant while a sky-blackening tornado tears at the windows, driving everyone else to the basement. *Plus ça change*, says the film, plus Mr and Mrs Bridges darn well stay put and stay the same.

If the episodic narrative suggests soap opera, this is Chanel soap and Mozartian opera. Ivory films are often sniffed at as art's equivalent of posh dinnerware. But there is depth, not just taste and decorum, here. And the acting of Mr and Mrs Newman is a joy. Golden Lion, look long and hard.

Elsewhere the festival seethes with contenders for this year's Plastic Lion (non-recyclable and ozone-unfriendly). So far one must shortlist Russia's ludicrous Chernobyl drama *Raspad*, all flailing camerawork and "Comrade, there's trouble at the reactor," and Juzo Itami's disappointing *Golden Geisha*. From the director of *Tampopo*, here is an unfunny, longwinded tale of courtesans and crooked financiers: *Wall Street* meets *Walk On The Wild Side*, and even the earphone translator could find nothing witty to say.

The Raw Vitality award goes to Marco Risi's 'Ragazzi Fuori'

Moving contrast in Requiems

Max Loppert admires the Prom-planners' expertise

THURSDAY'S TWO Prom concerts, early-evening and late, looked on paper to add up to several hours of undiluted musical severity. The early, the second of the Cleveland Orchestra's two London programmes, contained the Schoenberg Piano Concerto and the Bruckner Seventh Symphony; the late, settings of the Requiem Mass by Frank Martin (1922) and Alfred Schnittke, sung by the BBC Singers under John Poole.

Fortunately, the experience was not at all forbidding, either in sum or in its parts: instead, it left this particular audience-member with new admiration for the Prom-planners' expertise. The two Requiems, both spun out with unfailingly fastidious tone-control into the Albert Hall spaces by the BBC Singers, made for an extraordinary and moving contrast – Martin's a double-chorus text-setting of seemingly placid mode and temper, Schnittke's a much more overtly dramatic blending of voices and instruments (the London Sinfonietta).

The Martin seems placid because it strikes no attitudes or postures, ventures no distance beyond the well-used conventions of early 20th-century choral writing (much use of gently euphonious block-contrasts, what a friend in the audience called "Swiss Herbert Howells"). But this is increasingly belied by the composer's sharp twists and turns of harmony, which make the "Sanctus" and "Agnus dei" movements sound particularly, yet quietly, personal in tone. Martin's unfailing craftsmanlike care and his sobriety of tone may now count as unfashionable virtues, but he is not a less impressive composer for that.

Schnittke's virtues are, of course, rather different. They include a brilliant originality in the art of dreaming up new worlds of instrumental colour (one passage, combining unison female voices, organ, piano, electric guitar, and trombone placed in a distant high balcony, may appear freakish in the listing of its component parts but proved wonderfully resonant and hieratically strange); and, beyond that, a determination to test known worlds of musical form and content in stringent and sometimes violently original ways.

His Requiem, its 14 movements written (in the mid-1970s) out of deep personal need, draws on the echoing, tranced, swaying sounds – either directly transcribed or else filtered through a haze of memory – of Eastern European liturgical music. But several times these processes are subjected to weird crypto-Expressionist infusions: most strikingly, the rock-style rhythm section that breaks into the "Credo," the work's penultimate movement. At such moments Schnittke's underlying purpose may be obscure, and one or two patches of longueurs may be encountered on the way to the close, yet the hypnotic spell of the whole outlasts all confusions.

The glory of the Cleveland Orchestra concert was the amount and kind of soft playing in the Bruckner symphony: long lines sustained and counterpointed at an incredible *ppp* that were nevertheless full of muscular urgency, dramatic point and purpose. This seems to be Christoph von Dohnányi's special seal on a great orchestra: a virtuosity which has nothing to do with splashy effects-making and everything to do with a quality of concentrated responsiveness between departments and in the whole ensemble. Seldom in the work's great Adagio has there seemed so little of sentimentality, so much of deep (yet tautly restrained) sadness.

The other face of the Dohnányi Bruckner coin is, it seems, a determination not to dwell a minute longer than strictly necessary on the work's lyrical radiance. The huge rising theme of the opening was shaped without a trace of numinous glow; the great moments of E major "arrival" carried no emotional surge. The corporate orchestral tone, superbly refined, never flooded the senses with its beauty. From any other conductor this account of Bruckner Seventh could have proved intolerably dry; Dohnányi's intelligence, honesty and rigorous musicianship argued their own best possible defence.

The soloist in the Schoenberg Piano Concerto was Mitsuko Uchida, at her dazzling, brilliant, imaginative best. The piano-writing glinted with wit, humour, nostalgia – the backward-looking aspects of the writing provided Miss Uchida with rich opportunities for lyrical characterisation, and she missed not one. Her example was insufficiently followed by Dohnányi and the orchestra (though their support was as punctilious as one might expect), and in the end the chance to show what an *appealing* work this can be was missed.

Publishing

A two-way investment

Victor Price talks to William Boyd and his new publisher

"SENTIMENT AND loyalty are very important, but you have a job to do and a mortgage to pay. You also have a rough idea of what you're worth in the market." William Boyd puts the situation in a nutshell. And while both men clearly like and respect each other the financial terms had to be right before he made the decision to entrust himself to a totally untried publisher. What factors lay behind that decision?

First there was dissatisfaction with the situation as it was. Hamish Hamilton had been taken over by Penguin and Boyd found himself dealing with an unknown team. "I felt no antagonism to the new people but they were strangers to me. The editors were not in my first six, so there was no reason why I should stay."

His first choice for a new publisher was Christopher Sinclair-Stevenson. Other houses made overtures to his agent Stephen Durbridge, but Boyd did not put himself up for auction. "I wanted to be happy with my publishers and I didn't want them to feel they had been stung." He also wanted a rather complicated thing, namely to be published by Sinclair-Stevenson in hardback, but to stay with Penguin for the paperback edition of the new novel.

Perhaps against the odds, this negotiation was successful. Christopher Sinclair-Stevenson explained the terms to me. "We bought the hardback rights, but have 50 per cent of the paperback rights too. So we put up a substantial sum." I asked how much. "A six figure sum - a medium six-figure sum, shall we say?"

What this sum was neither publisher nor author would tell. But the fact that it was over £100,000 throws some light on the likely print run. And here I quote an article by Tim Hely Hutchinson, himself a publisher, which was first printed in the Author and later carried by the Bookseller. In this he sportingly blows the gaff on how publishers make their money. The table printed here is relevant to *Brazzaville Beach*. It concerns the estimated profit from what he calls major projects, of which a William Boyd novel is clearly one.

	Print Run	Net Sales Revenue	Net profit (est)
Hardback	10,000	£48,750	£16,080
Paperback	120,000	£116,234	£48,084
Total		£164,980	£64,154

These figures were calculated on 1988 prices, for a novel retailing at £11.95 in hardback and £2.99 in paperback. *Brazzaville Beach* will sell at £13.95 and when the paperback appears the price may well be £3.99. So the figures need to be increased in proportion.

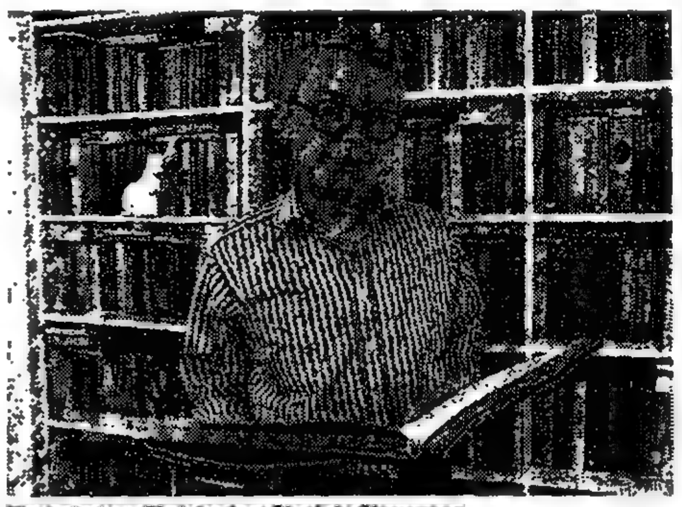
That would suggest that a hardback print run of 10,000 and a paperback one of 120,000 would produce a net profit of £80,000 to £100,000 on both editions. Now Sinclair-Stevenson will be entitled to only half the paperback profits. So, if my argument holds water, the print runs will be larger than 10,000 and 120,000, even allowing for earnings from other sources, such as book club rights. Publishers really do have to back their hunches.

Not that William Boyd is Christopher Sinclair-Stevenson's most expensive investment. That honour falls to Peter Ackroyd, whose biography of Dickens appeared on September 3: a huge, 1200-page book which retails at £19.95. Sinclair-Stevenson paid no less than £650,000 for it and a Blake biography, and although he recouped £370,000 pre-publication for paperback and serial rights, he must be studying the sales figures with some interest. They are absolutely vital to the survival of his firm. "The end of the current year is a critical period for us. Financially we can carry on until the second or even the third list. But certain crucial titles, like the Dickens biography, simply must go well." So must *Brazzaville Beach*.

William Boyd himself can afford to be more relaxed about his prospects. Britain is not his only market. The US is important for him; and he also earns considerable sums from translation rights, particularly in France.

Being a well-organised man, Boyd has always had a second string to his bow. It used to be newspaper criticism and is now films. Two important pictures for which he wrote the scripts, *Mister Johnson* and *Aunt Julia and the Scriptwriter* will be premiered within the next three or four months." The independence that film-writing and translation rights bring allow him to eschew the sort of two-or-three-book contract that most authors like, if only for the sense of security it gives. He prefers to negotiate each book individually. "I have more freedom that way. I can take as long as I like to write my next book, provided I can pay the rent. Also who's to say that in ten years' time a three-book deal might not prove hugely favourable to the publisher? Admittedly, I might also be thanking my lucky stars – but I prefer to hope that my stock is continually rising." Boyd is unlike most novelists in that he is clued up on the publishing scene in general. For example, he personally selected Robin Rout to design the jackets of *The New Confessions* and *Brazzaville Beach*. "Authors should make it their business," he says, "to know how much a book makes for the author and also for the publisher."

So when he opts to join Sinclair-Stevenson there is more than just loyalty behind it; there is good Scottish common sense and a shrewd estimate that the house will prosper. "What Christopher has is tremendous good will on the part of writers. That's the secret of his success. He will attract good writers who will write good books. In the end that is what makes for success, rather than any number of brand names or over-hyped products."



First choice: Christopher Sinclair-Stevenson

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Brazzaville Beach, published on September 10, is reviewed on page XIII.

Records

Boulez: conductor and composer

IN THE 1970s, when Pierre Boulez ran both the New York Philharmonic and the BBC Symphony Orchestra, he was a hot recording property. He had begun his career recording only those composers central to his musical world view – Debussy, Stravinsky, the Second Viennese School, Messiaen and his own contemporaries. As his celebrity grew, so Boulez was lured into a wider repertoire; there was a notably unsuccessful *Water Music*, a Beethoven's Fifth, Berlioz, (including the melodrama *Lélio*, which deserves to be reissued), some Wagner overtures. It was no doubt a delicate balancing act, weighing the popular against the 20th-century music that he knew had to be recorded, and now, by and large, the redundant material has been allowed to slip away.

Today, with Boulez strictly rationing his conducting activities and centering them on IRCAM, his excursions into the studio have become more discriminating again; he has returned to the areas in which he first achieved success, and to interpreting his own music in particular. Erato has already issued a wonderfully supple account of *Le marteau sans maître*, recorded at Boulez's 60th birthday concert, as well as a definitive version of *Pli selon pli*, but the latest compelling issue combines the familiar *Le soleil des eaux* with two previously unrecorded scores, *Le visage nuptial* and *Figures, Doubles, Prismes*, all of them played by the BBC Symphony Orchestra (Erato 2292-45494-2).

For many years *Le visage* was the most tantalising of all Boulez's early scores; like *Le soleil des eaux* and *Le marteau* it is a setting of the surrealist poetry of René Char, in this case some languorously erotic verse which veers between the thoroughly explicit and the wispily cosmic. Boulez made his first version in 1946 and revised it four years later before withdrawing the work altogether until the 1980s. The version that has emerged now contains some of the most sensuously direct of all Boulez's music, weaving ecstatic writing for the soprano and mezzo soloists (Phyllis Bryn Julson and Elisabeth Laurence, both superb) with dense choral heterophony and richly allusive orchestral webs. It makes *Le soleil des eaux*, one of the most condensed of Boulez's masterpieces, seem almost chaste by comparison. *Figures, Doubles, Prismes* was first performed in 1958 and achieved more or less final form in the 1960s, though it remains officially a "work in progress". It is one of the most exuberant examples of Boulez's orchestral command, full of glistening textures and explosive climaxes. The ear is enthralled by the sheer consistency of the sound, as the structural thickets become ever denser; each hearing reveals more layers, more internal connections.

By contrast the Boulez works collected together on another Erato disc, played by the Orchestre de Paris conducted by Daniel Barenboim (2292-45493-2) seem relatively straightforward. Both *Rituel*, Boulez's memorial to Bruno Maderna, and *Notations*, his virtuoso orchestration of some early serial piano miniatures, have become his closest approaches to repertory pieces, while *Messagesquisses* for seven cellos is a classic example of his ability to make something quite beguiling out of almost nothing. The performances are nicely detailed, yet without the tautness that Boulez brings to his own music.

Certainly Barenboim's moulding of *Rituel* is less severe and paradoxically enough less moving than Boulez's own account, recorded in 1976, which has just appeared on CD as part of Sony Classical's Boulez Edition (SK 45839). There it is coupled with *Eclat/Multiples*, the piece that has grown from a splinter of percussive sonorities in the early 1970s (*Eclat*) to a motoric orchestral study currently 17 minutes long (*Multiples*) and, as is the Boulezian way of things, scheduled for still further expansion.

The Boulez transfers have already restored some marvellous things, long overdue on CD. His recordings of Debussy from the 1960s set new standards, stripping away all notions of dewy impressionism to reveal the bone structure beneath. They stand up well; the CBS recordings by no means represented the state-of-the-art even then, but much of their fierceness has been tamed, and *La mer*, *Jeux* and *L'après-midi d'un faune*, especially, all with the New Philharmonia, come over as pungently as they did 20 years ago (M2YK 45620). His virtues as a Ravel conductor have never seemed quite so remarkable; one suspects that works like *Boléro* and *Le tombeau de Couperin* he only recorded for the sake of completeness. Collected together it makes a consistent three-disc set, however, and the best moments – a baleful Left Hand Concerto with Philippe Entremont, tight-reined *La valse*, lucid *Daphnis et Chloé* (the complete ballet) – are admirably direct, if always on the cool side (SM3K 45842).

Coupled with the string orchestra arrangement of three movements from the *Lyric Suite*, the 1980 New York Philharmonic recordings of Berg's *Lulu* Suite (with the soprano Judith Blegen) and the concert aria *Der Wein* (with Jessye Norman in her sumptuous prime) are quite simply among the best Berg performances ever recorded (SMK 45838), while a well-filled anthology of Varèse, including *Ameriques*, *Arcana*, *Octandre* and *Intégrales*, has no peers whatsoever (SK 45844).

The two-disc set of Schoenberg's vocal music (S2K 44571) mixes the familiar with the brand new. *A Survivor from Warsaw* makes a welcome return, but to the best of my knowledge Boulez's accounts with the BBC Singers and Chorus of the choral pieces, from *Friede auf Erden* Op 13 to the *Modern Psalm* Op 50C, have never appeared in Britain before. It is a substantial, earnest body of music, not all of it first-rate yet an essential part of Schoenberg; one cannot imagine returning to much of it often, but it should be available in such committed performances, as should the rest of Boulez's Schoenberg. Sony/CBS have some marvellous things still in their archives – his *Pelléas*, *Moses und Aron*, *Gurrelieder*, the Schoenberg orchestral works. One hopes that this is only the first batch of a steady stream of releases.

Andrew Clements

Chess No. 887:

1 Nb5? Bxg2+! and White res. If 2 Kxg2 Qf3 mate or 2 Qxg2 Qxa1+ 3 Qg1 Rf1. The only other reasonable try is 1 Qe1 Bxg2+! 2 Kxg2 Qf3+ 3 Kg1 Rf4! when White has to give up his Q to stop mate.

SPORT

Tennis/**John Barrett** reporting from New York

Something old, borrowed and blue

ACCORDING TO folklore, the recipe for a successful wedding should include something old, something new, something borrowed, something blue. The 110th US Championships at Flushing Meadow Park, a marriage between the city of New York and the US Tennis Association, has provided those elements in rich measure these past two weeks to make the last Grand Slam meeting of 1990 a memorably successful occasion.

At 31, John McEnroe, unseeded for the only time since he first challenged in 1977, is the second oldest of the men's singles competitors (Kevin Curren is one year older). In reaching the semi-finals here for the 8th time in 14 visits, the New York left-hander has produced nostalgic echoes of 1984 when he won the last of his four US titles.

His dramatic victory last Sunday from two sets to one down against the 7th seed, Emilio Sanchez, was a glorious affair, full of swinging serves, glancing volleys and sharply angled early passes. The straight sets win on Wednesday over the unseeded David Wheaton was a more mundane affair. But at least he had recoved from a considerable physical ordeal to prove that he was fitter than most of us thought – perhaps because he is working again with a will, under the eye of his original coach, Tony Palofox.

Nevertheless, as this cheerful Mexican cautioned, we must not get things out of perspective. Sanchez and Wheaton did not present the same challenge as Stefan Edberg might have done if the No.1 seed had not fallen unexpectedly at the first hurdle to the Soviet No.2 Alexander Volkov.

This afternoon when McEnroe faces fellow-American Pete Sampras, the No.12 seed, we shall know whether the rejuvenation is genuine. Potentially, the 19-year-old Californian is the best of the young Americans who are vying to inherit the mantles of yesterday's champions, McEnroe and Jimmy Connors.

On Wednesday Sampras looked commendably calm as he ended Lendl's dream of reaching nine successive US Championship finals to surpass the record he shares with the great Bill Tilden (1918-1925). During the course of a fluctuating five-set match Sampras served 24 aces.

New this year is the sound of silence. The civil aviation authorities have agreed (wind and safety permitting) to alter the flight path of aircraft leaving La Guardia airport so that, during tennis hours, they do not thunder over the National Tennis Centre. Also new is the per diem allowance for all players which is costing the USTA an extra $581,750 on top of the prize money of $5,767,500.

Something borrowed is the USTA's new Final Eight Club – a copy of Wimbledon's highly successful Last Eight Club. Managed by Karen Happer, the Australian wife of the USTA's new executive director Marshall Happer, who is also the new tournament director, this tented entertainment area alongside one of the practice courts has become a popular meeting place for former competitors.

The blue elements have been provided by too many of the male players whose verbal obscenities (and other infringements of the Grand Slam Code of Conduct) have led to fines for more than 20 of them. No incident was more offensive than Andre Agassi's four-letter words addressed to umpire Wayne McEwen who was then spat upon by this obnoxious little show-off who should have been defaulted on the spot. At least the point penalty that McEwen imposed should have been allowed to stand

The fact that Referee Keith Johnson and Supervisor Ken Farrar (the man who defaulted McEnroe in Australia last January) imposed a fine of $3,000 after reviewing the television tapes of the incident confirmed the seriousness of the offence.

Pete Sampras: ended Lendl's dream

Until we find a quicker way of establishing what actually happened in incidents of this sort (perhaps by supplying officials with instant replays, as they do in American Football) the game will continue to be brought into disrepute.

Another area of concern is player dress. At the US Open there is no clothing code equivalent to Wimbledon's "predominantly white" rule. Accordingly, the clothing manufacturers vie with one another to produce increasingly exotic designs in eye-catching colours. Agassi's yellow and black shirt plus the black shorts (from beneath which peep the thigh-clinging pink bicycling tights) provide a good example of the sort of excesses that the clothing companies will adopt to gain a commercial advantage. But without a code, where will it end? Shall we see players wearing off-the-shoulder leopard skins, like professional wrestlers? God forbid!

Even many Americans among the 20,600 spectators expected here this afternoon will be hoping that Boris Becker, the defending champion, will teach Agassi a sharp lesson. On Thursday the 22-year-old West German performed that service for the No.9 seed, Aaron Krickstein. This ended hopes of two all-American semi-finals.

If there is to be a first all-American final since 1979 then Agassi will have to do on the Decoturf courts here what he did so successfully on a similar surface last March in Indian Wells. In that semi-final the American won 6-4 6-1. But Becker in the Grand Slam Championships is very different from the Becker who often merely goes through the motions in lesser events. The German is much stronger than Agassi, a factor that may be decisive if it becomes a long match.

With the unexpected losses of the second and third seeded women, Martina Navratilova and Monica Seles, the way seems clear for Steffi Graf to take this title for the third year in a row.

John McEnroe: nostalgic echoes of 1984

Equestrianism

Enduring attraction

Marcy Drummond

WHAT DOES it take to win a 100-mile horse race? Answer: tenacity and long working hours. The endurance rider is not in it for money. Cash prizes are forbidden. Endurance riding – an obscure sport thought of as slightly insane, even by the rest of the horse world – forced its way into the limelight when the long-distance riding team won Britain's only gold medal at the World Equestrian Games in Stockholm.

Tomorrow the British Horse Society Long Distance Riding Group holds its 100-mile national championship ride, starting at 5am at Salisbury racecourse. A tough race is expected. The defending champion, 20-year-old Claire Brown, will be up against two of the Stockholm squad, Joy Loyla and Yvonne Tyson, plus former champion lady jockey Elain Mellor.

Critics say that increasing competitiveness has changed the sport for the worse from days when the shared sense of achievement of riding 100 miles on one horse in one day led to competitors crossing the finishing line hand in hand. But today the horses and riders are better and the veterinary controls said to be both more stringent and more advanced than in any other sport.

Endurance riding is horse sport stripped to the basics. Joy Loyla, fourth in the world championships, only started in 1987. Except for being ridden (with a minumum weight in top rides of 75kg), the horse is not required to do anything it might not do naturally – no jumping and no dancing around in circles.

The racehorse first past the post is the winner regardless of whether it immediately drops dead or finishes on three legs. Not so the endurance horse, which must finish *fast* and pass the veterinary inspection.

Horse welfare is integral to the sport and strict veterinary checks ensure that any horse heading for trouble is stopped.

Adventure and horsemanship have always appealed to the British, which might explain the national team's phenomenal success in endurance competition. It won the first official world championship in Rome in 1986. Since the sport was first organised in Europe, individual UK riders have won seven out of 10 European Trophies.

The current holder is Jane Donovan, who also took the individual silver medal in Stockholm with her grey Arab horse, Ibriz. Like most endurance riders, Jane works – she is an occupational therapist – to pay for her own and Ibriz's keep. Earlier this year, with the world championships in mind, she changed to working part-time in order to train her horse. Total commitment is needed to reach the peak of fitness to go 100 miles at an average speed approaching 10mph.

A month before the championships, Ibriz was injured in an accident in his stable; until the last minute he was a doubtful starter. "Though you feel like giving up, something makes you carry on," says Jane. The day after he won the silver medal, with Ibriz contentedly resting his head on her shoulder, her ambition still burned. "He's only ten. He can still be world champion."

Ibriz is a perfect example of an endurance horse. At 15.1 hands high (154cm), he is big enough to cover the ground well and carry the required weight, but small enough to be nimble and streamlined so that heat dissipates easily from his muscles. Above all, he has strong legs and tough hooves. A horse of this type, ready to start competing, can still be bought for around £2,000 while equipment costs are comparatively minimal.

The main expenses start with travelling. The one thing endurance has in common with other horse sports is the relentless quest for sponsorship. Among the backers for Stockholm were commercial surveyors Dunlop Heywood and the motor company Peugeot Talbot, which provided a fleet of cars for the vital support crews.

Endurance riding is also a family sport and growing fast.

Its ultimate fascination is that it is sport for sport's own sake.

Cricket

Enjoy the memories

Teresa McLean

SEPTEMBER IS the wistful month for meditating on the summer's cricket, as leaves prepare to die on trees and cricket pitches prepare to be used for football.

This year September has started not just wistfully but sadly, with the death of Sir Leonard Hutton aged 74. His brilliant career, from the mid 1930s to the mid 1950s Yorkshire and England's classic stroke-playing opening batsman, from 1952 to 1955 England's first professional captain, had been blighted by ill health.

Nevertheless Hutton was an inspiration for all young cricketers who wanted to believe that all you have to do with bad luck is hit it hard and you will score from it. Cricket will be a sadder game without him. But however fin-de-saison one's feelings, this has been a cheerful summer for English cricket. Partly because the hot, dry climate provided an abundance of cricket and partly because England won both the home series.

I don't like two short series squashed together, as the New Zealand and Indian ones were this summer, but these two did wonders for English morale. Graham Gooch grew into his job as captain and England continued to play better under his leadership, albeit against weak opposition. This winter's tour of Australia will show whether this is no more than a sporting South Sea Bubble, needing only some tougher competition to burst it.

The immediate result has been a summer of intriguing, good humoured games. Good humour, good batting and bad bowling were the outstanding features of this summer's Test matches. Where batting is concerned, no-one can compete with Gooch's phenomenal tally of runs – 1,058 in Tests, nearly 3,000 in Test and county combined, at the last count – but Mohammad Azharuddin's swashbuckling batting in the face of defeat makes him a worthy second best.

English batsmen could afford a bit of handshaking. Sunburnt, lifeless wickets and deformed balls held together by a few stitches helped to make batsmen as prosperous as bowlers were despondent.

Devon Malcolm, desperate for some extra zip, bowled a fair bit of rubbish and too many innocuous short deliveries. But if he can go to Australia with enough confidence to bowl a full, fierce length and a good line, all he needs is a partner in pace at the other end to give England a formidable opening attack.

There are no obvious candidates. Angus Fraser's relentless accuracy belongs at first change, when opening pace has already broken into the batting. England, New Zealand and India all need better opening bowlers. This summer's medium pace had aggressive spin for light relief.

In the headgear stakes England's faded, double-storey caps are a fall from grace. They fit in well with those other aberrations in modern cricket kits: off-white, nylon, transparent trousers offering spectators a permanent exhibition of contemporary cricket underwear. As Gavin Ewart wrote, in his poem *Not Quite Cricket?*,"Watching cricket is habit-forming. It can become habitual. It's a kind of long-lasting white-robed ritual." Not any more. When New Zealand lost to the Combined Universities in late June, everyone at Fenners was treated to a view of the decorations on Bracewell's underpants – big, coloured blobs the size of cricket balls whenever he stretched.

We can't be far away from underpants covered in advertising slogans. At the last Oval Test the grass was painted with the sponsors' name. All we need now is umpires with adverts on their coats and we will have sold cricket's sacred turf and white-robed ritual for the price its commercial life demands . Enjoy the summer's happy memories while you can.

TELEVISION & RADIO

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CHANNEL

GRAMPIAN

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GRANADA

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TSW

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TYNE TEES

ULSTER

YORKSHIRE

RADIO 2

RADIO 3

RADIO 4

RADIO 5

SUNDAY

BBC1

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LONDON

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S4C WALES

ANGLIA

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GRAMPIAN

GRANADA

Emma Freud presents "The Media Show" when it returns to Channel 4 for its autumn season at 6.30pm

HTV

HTV WALES

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Property

Room with a view — Swiss style

***Audrey Powell** discovers the advantages of 'aparthotels'*

SWITZERLAND is a tantalising country. Just as the weather in mountain districts can change by the hour and the route for an enticing walk under a cloudless sky can disappear into a cotton wool mist, so distinctive new chalets with carved wooden balconies displaying a "for sale" sign can prove illusory.

They turn out to be for sale to the Swiss only. Any that might have been available to a wider market had buyers long before they were built.

With a million foreigners in a population of 6.6m, Switzerland does not welcome more on long-term arrangements and the number of second homes available to foreign purchasers is limited by quota. Last year permission was only given for 1,600 such properties to be sold to non-Swiss.

Quotas are set by the Federal Council and divided between the 23 cantons. But the cantons make their own policy and some refuse to authorise sales to foreigners. Last year only 1,334 permits in the quota were taken up. Of these, 267 related to the canton of Vaud, which stretches north and east around Lake Geneva.

One type of purchase by foreigners which has grown up over the years in Switzerland has been in "aparthotels". The buyer acquires an apartment in a hotel building. It is then taken over by the hotel for letting under contract, giving the owner an investment in a stable country. The owner can generally use the apartment himself for limited holidays. This system also suits the Swiss, as it provides more tourist accommodation.

However, it has been losing its attraction for foreign buyers who are discouraged from using the property at peak holiday times. The apartments have to be furnished to the same standard and not according to the owner's preferences and the main resale market is among the Swiss, who are unlikely to want to buy.

An example is Le Bristol, in the mountain resort of Villars, in the canton of Vaud. Here an owner's two-bedroom, two-bathroom apartment with kitchenette would be taken into the system and let as two separate bedroom/bathroom units. The kitchenette would become a locked cupboard used only when the owner was there.

The developer of this project — which is all but sold out — is an established local family firm, Immobiliere de Villars (IDV). Its experience with Le Bristol, which operates as a four star hotel with restaurant, swimming pool and gym facilities, has taught it some lessons.

British and other foreign buyers, it found, liked the apartments and the idea of a furnishing package which saved them trouble. They liked the availability of facilities, a cleaning service and supervision of their apartment in their absence. But they were not so interested in the investment angle. They just wanted to use the apartment themselves, when it suited them — which was often in the high season.

So IDV is about to start building Residence Bristol, on a site close to Le Bristol, but to a different formula. Again the building will be of typical Swiss timber chalet design with rows of ornamental balconies. It will comprise 18 freehold apartments and provide the same services as the other project but will include no requirement for an owner to let unless he wishes. Sales will be authorised to foreign buyers. Prices start at £184,000 for a one-bed appartment.

At other end of the village IDV's La Residence is a 200-acre private park on the ski slopes, dotted with some 100 individual houses and small apartment blocks containing eight to ten units (never more than 20) of one to three bedrooms.

Great attention is paid to detail. A thick layer of rubber between floors adds to sound insulation. Bathrooms are lined in marble. Austrian artists are brought in to paint decorative numbers in gold leaf beside each apartment door.

Each building has the underground nuclear shelter and escape tunnel mandatory in new Swiss homes (owners find they make useful stores and wine cellars).

On this estate occupants can enjoy mountainside life to the full — in summer they live with the background sound of cow bells; in winter they can ski home to their door.

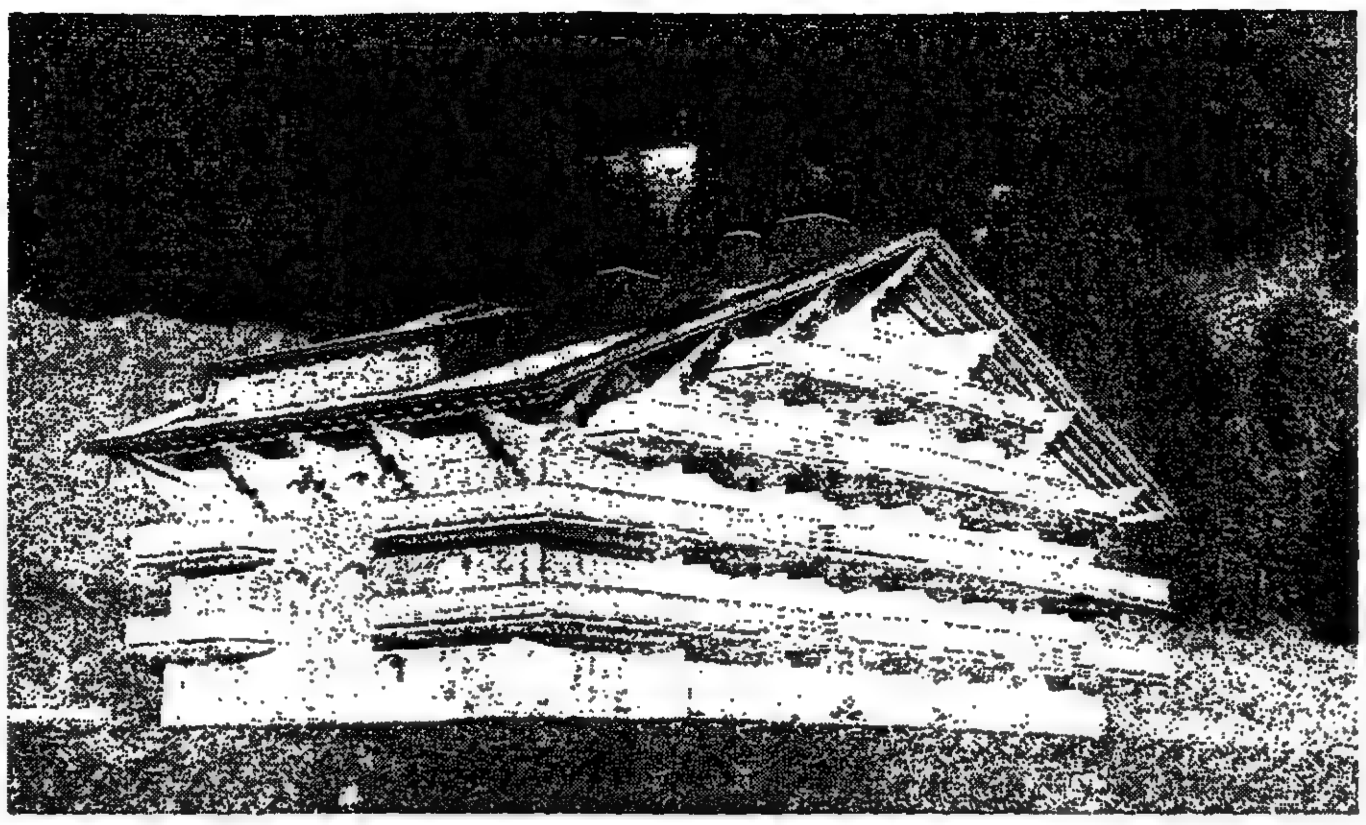
Among properties available to non-Swiss buyers at La Residence is a penthouse, with its own lift, in an apartment chalet. It will be ready next spring priced at £344,000. Other apartments in this building start at £260,000.

Or there is part of a divided property that they call a "mitoyen." It includes three bedrooms, two bathrooms, a living room and gallery, covering 2,730 sq ft and priced at £560,000. The other part of the chalet is not available to foreign buyers.

Villars is both a summer and ski resort, with 190 miles of marked walks and 65 miles of marked ski runs served by a network of ski lifts and cable cars.

Ski addicts can even follow their sport in summer — on a glacier half an hour away.

The village is 75 minutes' drive from Geneva airport and looks down over the Rhone valley. It has a sports centre with tennis and swimming facilities. It also boasts the highest golf course in Europe.



Above: An apartment chalet at La Residence, Villars. Below: a divided chalet. *Part will be available to a foreign buyer the rest to a Swiss.*

IDV has plans for a development in La Barboleusaz, five minutes from Villars. This will comprise 60 apartments and shopping arcades in two separate chalets and a sports complex. Land here is cheaper than in Villars so a one bedroom chalet will be priced from £165,000; a two bedroom version from £200,000.

The company is to bring out a free quarterly booklet its — Swiss Alpine Property magazine — giving details of what it has to offer. The first issue is due to appear in October. Anyone who would like to join the mailing list or would like information about individual properties, should contact IDV at Villars (tel: 025/35 35 31) or at the London office (tel: 071-603 1371).

Paranoia — or media phobia?

***John Brennan** on the business of selling overseas property*

THE BUSINESS of selling overseas property seems to engender a degree of mild paranoia. Perhaps "media-phobia" more aptly describes the concern expressed by so many agents who deal with sales of foreign property about the battering they get in the press.

"It's not so much that the business needs to be cleaned up, but that the image needs cleaning up," explains Paul Harper, treasurer of property's latest self-regulatory body, the International Property Services Association.

The IPSA will be formally launched this month as a grouping of foreign property sales and letting agencies, developers and the providers of services for foreign property buyers in the UK.

Its aims are to protect buyers against fraud, misrepresentation and malpractice by enforcing a comprehensive code of practice, and to raise and improve the public profile of the business as a whole.

As Harper says: "In the UK anybody can open up an office and call themselves an estate agent and start trading without any entry qualification requirement. You do get people who have bought a property in Florida or France who suddenly decide that they are 'experts.' They start selling from their front room, and there has been no way that the public would know whether they know what they are doing or not."

A number of members of the existing Federation of Overseas Property Developers, Agents and Consultants (FOPDAC) decided that not enough was being done to distance the more experienced foreign property sales businesses from the amateurs.

"I would think that there must be at least 1,000 people who are involved in foreign property sales in one way or another, although a lot of those fade out after a few months," says Harper.

The new organisation was conceived because of this ueven spread. And the initial response, says Harper, has been "spectacular."

"We had over 70 applications for membership from some of the major people involved in foreign property after the first call for response."

The IPSA's first practical effort has been to produce a free buyers' guide to foreign property (available from the IPSA on 0279-451904) with, as one would expect, a list of IPSA members.

An initial committee of established property agents has taken on the job of vetting membership applications and organising a panel of lawyers with specialist knowledge of foreign property purchasing.

The next task is a combination of polishing up the marketing benefits of membership, adding to the members' lists, thus making it possible to police the code of practice by building the disadvantage of being expelled. Beyond that, The association is also looking at indemnity insurance to cover customers' deals with members.

Harper says: "We have not been inviting, or accepting applications from the time-share industry. That does still have a terrible name and, speaking personally, I've never much liked it as an idea."

As for the need to protect foreign-home buyers from themselves, Harper says: "Given that there has been so much information about buying property abroad it is surprising, but it's a fact that a lot of people are not sensible at all when it comes down to it.

"Every single problem that I've heard of over the years boils down to someone who hasn't got proper advice, or who hasn't understood what they were doing, or, basically, done something quite silly.

COUNTRY PROPERTY

French property without tears

***John Brennan** translates essential Gallic terms*

PROPERTY in France is all the *vogue*. But for those who yearn for a *bijou pied-à-terre* which they can pop over to *pour le weekend* once we all become Europeans after 1992, language can be a terrible barrier. In the interests of international understanding here is a glossary of terms essential for anyone contemplating a venture into the French property market:

Acompte: percentage of the purchase price paid on account.

Acquérir: the smarter form of "to buy" – as in: "I have acquirir'd a little place in the Dordogne, you have been sold a shed near Calais."

Acquisition: often abbreviated to "acquis" to confuse rusty 'O' level French readers who then expect their property to have been put on the market by French Resistance heroes.

Acte authentique: comment frequently heard in the crush bar of Covent Garden by amateur critics enthusing about the performance to the embarassment of their friends. In French legal circles it describes a properly drawn up legal document with all the appropriate seals and signatures.

Arrhes: an anti-cold feet and anti-gazumping device. It is the money paid on account by prospective buyers which is lost if they don't proceed, but which they receive doubled if the vendors decide they don't fancy selling.

Acte sous seing privé: This is a private agreement, written but not formally witnessed. Most property deals start out that way.

Bon état: often reduced to b.e. to confuse the readers. This may mean something, or nothing. Literally, "good condition." See *grange*.

Bail: Cricket or legal implications aside, it is a tenancy lease.

Certificats d'urbanisme: akin to a local authority search, this should show whether the planners know whether the place you have your eye on exists, or whether the builder just felt lucky.

Chaumière: a thatched cottage, sometimes comfortingly and sometimes dangerously linked with the word *rénové* – restored.

Charges: a multi-lingual word relating to the things that creep up on you and make the initial budget look laughable – water, insurance premiums, heat, light and the international telephone bills incurred when the childrens' friends stay.

Condition suspensive: the state of being in suspense while part of the pre-purchase agreement is sorted out.

Déclaration de sincérité: either a car dealers' birth certificate or a sale condition that prevents the purchase price being increased.

Duplex: often reduced to dpl, or dup. A split-level flat. See *Mezzanine*. *Exceptionnel:* see *superbe*.

Fosse septique: the country equivalent of *tout à l'egout* – main drainage system. The ubiquitous (and seriously in need of checking the arrangements for) septic tank.

Gardien: an improbably impressive description of the caretaker.

Gare: a public meeting place for French rail travellers who, in impeccable English, explain that their high-speed rail links enable them to get from Paris to Marseilles in exactly the same time they stood waiting for a British Southern Region train. French railway stations are best avoided by Britons who don't want to be reminded that they come from a Third World economy.

Géomètre: officially appointed surveyor who measures up the property.

Grange: surplus accumulations of ancient timbers at the end of a long-disused and virtually impassable lane that no local would ever consider spending money on, but which *les Anglais* race off to get a mortgage to buy and renovate – in short, a barn.

Indivision: French misspelling of "in division." It refers to joint ownership of a property.

Jardin: there are no actual gardens in France, apart from those in formal settings and those imported by British home-buyers. The completion of the Channel tunnel may create an export market for gnome manufacturers and lawn seed purveyors; in the meantime, the metropolitan French cannot see grass outside their door without reaching for a concrete mixer. The French do, however, have flowers, shrubs, trees and ample open space for would-be *jardiniers*.

Lingerie: the cause of many an embarrassing moment for visitors to the French at home. An invitation to see ones' host's lingerie is neither as interesting, nor as ghastly a proposition as it may appear: it means "come and have a look at the linen room."

Location-vente: highly logical French home purchase arrangement whereby the eventual purchasers contract to buy, pay a deposit, but then occupy and pay rent for a number of years until they stump up the whole amount of the purchase price.

Maison: a Frenchman's *maison* is his *château*.

Maison des amies: a house that only your friends get to stay at because its too far away to justify its real translation as a weekend home.

Maison de campagne: a house that represents a formidable campaign to visit since it is a home in the country – but see *grange* and *gare*.

Maison paysanne: in theory, a country residence, but see *Grange*.

Manoir: in theory, a manor, but see *Grange*.

Marchand de biens: not to be confused with *bains* although selling bathrooms does come within the general functions of an estate agent or a property dealer.

Moins-value: rarely used in any overseas property transaction since it means capital loss on resale.

Mezzanine: sometimes this is what it sounds like on both sides of the Channel, but in new developments beware the mezzanine floor that is designed for mountaineers who enjoy hammering in a few pitons and securing the sleeping bag to ensure that they don't roll off the cliff at night.

Paiement comptant: cash payment – the root of all evil in foreign property purchasing since resort developments are packed with sales teams offering to help you save on local taxes, professional fees and any hope of redress if you end up in a mess, by making a quick *paiement comptant*.

Parties communes: a good spot to meet all the neighbours, since it is the common areas in a property.

Parties privatives: a bad spot to meet all the neighbours, since it is the area of the property restricted to individual owners.

Plan de financement: a method of arranging for your contractual savings for many future years in exchange for a lump sum in advance. French interest rates are more modest that their British counterparts, and the range of financing options available to British buyers, as well as the simplicity of arranging loans, has improved enormously in the past few years. It is now well worth shopping around to find alternatives to a remortgage at home and a cash purchase abroad – which is still the most common method of purchase overseas.

Plus-value: the capital gain that every property developers' sales team ensures that the buyer will enjoy on resale.

Possibilité: see *grange*.

Rangements: this is an increasingly arcane word since it describes storage space. It is common enough in older properties, but in cost-conscious developments yesterday's *rangements* are tomorrow's studio apartments.

Superbe: estate agent-ese for all properties, and for the potential of a *grange*.

Syndicat de copropriétaires: organisation of the co-owners of a property who appoint a *syndic* to run the place.

Tres bon état: sometimes "TBE" in advertisements so that anyone who views and feels that the decaying property offered in "very good condition" was a little below par can be advised of *le misprint*.

Terrain: see *jardin*.

Timeshare: not a property term.

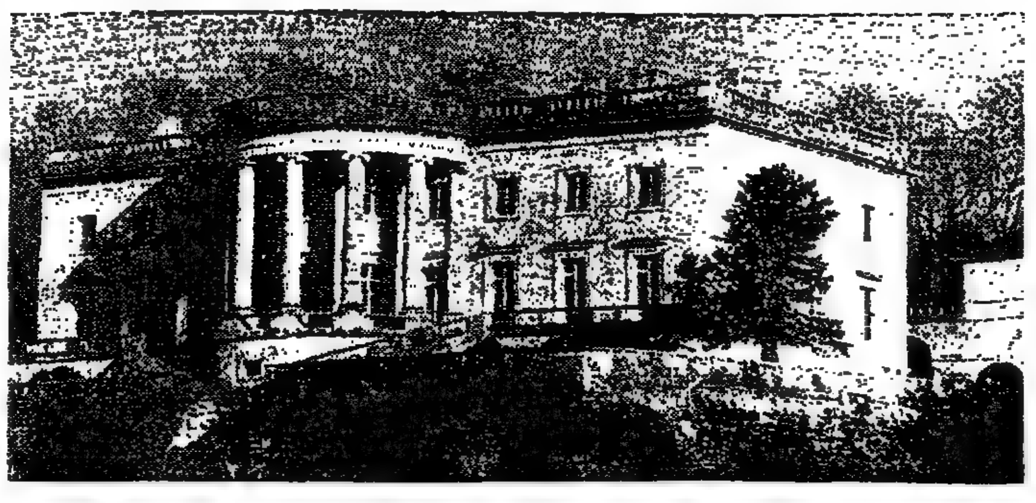
Verger: an orchard. When reduced to "verg" in advertisments, you may expect anything from a few hectares of golden delicious to a patch of mangy weed (see *Grange*).

Viabilsé: a truly wonderful word to describe that transient phase through which developments pass when the area is still a building site, but when the roads and basic facilities are in place so that you have access to the mud. Some slow-selling schemes can be *viabilse* for years. Some fast-selling schemes have so many additional phases that *viabilse* fans never need worry about losing sight of construction traffic and building dust.

Villa: anything that is not a *manoir* or *château* (or a *grange*) can be a *villa*. Recent evolutions of the word include the phenomenon of the *villa appartment*, or little house flat for the literally minded. Await the marketeers *villa manoir*, *villa chateau* and *villa grange*, or idyllic little house/barn.

Vue: this can be an elusive word for the uninitiated. In real estate parlance a *vue* could mean that there really are unhindered views across the slopes to the Riviera coast. On the other hand, it can mean that the concrete electricity pylon in front of the window and partially obscuring the freight marshalling yards should be taken as a modernist, representational expression of the ethos of the area.

For those keen to get a broader range of French property terms and a practical and accurate guide to the whole business, Buying Residential Property in France is the title of the new edition of the guide book published by the Chambre de Commerce Francaise de Grande Bretagne. It costs £5.50 (£6.00 by post) from the French Chamber of Commerce at 197 Knightsbridge, London SW7 1RB (071 225 5250).



Challenge of the empty chateau

THE CHATEAU de Rastignac , which looks suspiciously like a French variant of the US White House, was built for the Marquis de Rastignac between 1811 and 1817. During the last war the Germans shelled the house and the French Government has carried out structural repairs on this 9,500 sq ft, two-storey building. Otherwise, it's as bare as the day the builders left.

"There has been no decorative work done on it at all," says John Prince of Sotheby's International Realty. "It's a place that has the size to be turned into a small hotel or golf estate, and there certainly is scope for an interior decorator to show what they can do."

The estate is 21 miles from Brive-le-Gallard, the nearest railway station and 300 miles from Paris. The chateau, set in 250 acres of parkland woods and farmland, plus a seven-bedroom modernised stone Perigourdine farmhouse, is being offered by Philip Hawkes of 94 Rue du Faubourg Saint-Honore, Paris, and Sotheby's International Realty (071 408 5196) for FFr10m (£1,015,500).

Ancient olives, modern money

***Audrey Powell** visits a corner of the Côte d'Azur reserved for the seriously rich*

"DON'T CONSIDER this development unless you are seriously rich," jokes an agent about Villa Olivia, at Cap Martin on the French riviera, on which work started recently. Perhaps he is not joking.

Cap Martin, an area of rugged headland, 35 minutes' drive from Nice, has an enclave of imposing homes on a private estate. They stand in their own grounds glimpsed through massive iron gates and umbrella pines.

You are told that owners include the Spanish royal family, Monaco's first family, the Grand Duchy of Luxembourg, the President of Zaire. Other properties belong to well known names in international business, like the Grundig family; to names in haute couture and diamonds ... One house has changed hands at £12m and it is expected that the new owner will spend another £5m on it. It could be costly keeping up with your neighbours.

There are 29 houses in this very private domain, including one now called Villa Olivia, where Sir Winston Churchill sometimes stayed.

But this property is to be demolished and an L-shaped block of apartments, looking across the bay to Monaco, will be built in the 11-acre olive grove which makes up its grounds.

It was renamed with a thought to the ancient olive trees, some of which have been cut out of the ground with their root structures intact, to make room for the development and are being stored in tubs to await replanting.

Along the shady pavementless roads of the estate all is strangely empty and quiet, except for the background sound of crickets, and of birds in the evening.

The blue flowers of plumbago and the red of oleander are visible through darker foliage – as are three Rolls Royces in one drive.

With the rest of the Cote d'Azur full of summer visitors the lack of people in these roads seems odd. The explanation is that the gardens of the villas go to the edge of the cliffs and there is little in the way of beaches or footpaths. So no tourists come.

It all looks relaxed; some of the grounds almost neglected. There is none of the conspicuous show of guards at entrance gates that are often a feature of modern estates. But you are told that there are surveillance cameras noting your passage along the roads. Sometimes a security car drives past.

The eventual arrival of up to 84 families – the number of flats planned – in this very inward looking neighbourhood could come as a shock to residents. (The number is more likely to be about 70, since several buyers are to take two apartments and join them up).

But surprisingly, the developers say the existing home owners have accepted the project (albeit after a four-year delay in planning permission). Some owners have even bought flats at Villa Olivia to use as "guest cottages." The two to five bedroom apartments, in their two wings, will be on two to four floors, with terraces whose sloping walls give privacy.

The roofline will be flat, with grassed and landscaped roof gardens. Ground floor flats will have their own gardens with hedges. Beyond will be walkways, communal gardens and a swimming pool, though some apartments will have their own.

A number of flats have been sold from plan, to European buyers – and one to a Japanese banker based in London. But occupations will not be until November of next year.

For all the talk of exclusivity, apartments start at £526,000 – which is not "telephone number" money on the Cote d'Azur. Though they go up to £2.73m. Underground garages are £12,000 each – which is cheap by London West End standards.

The project is a joint Swiss/French venture. More information is available from London representative Osbornes (071-495 8811).

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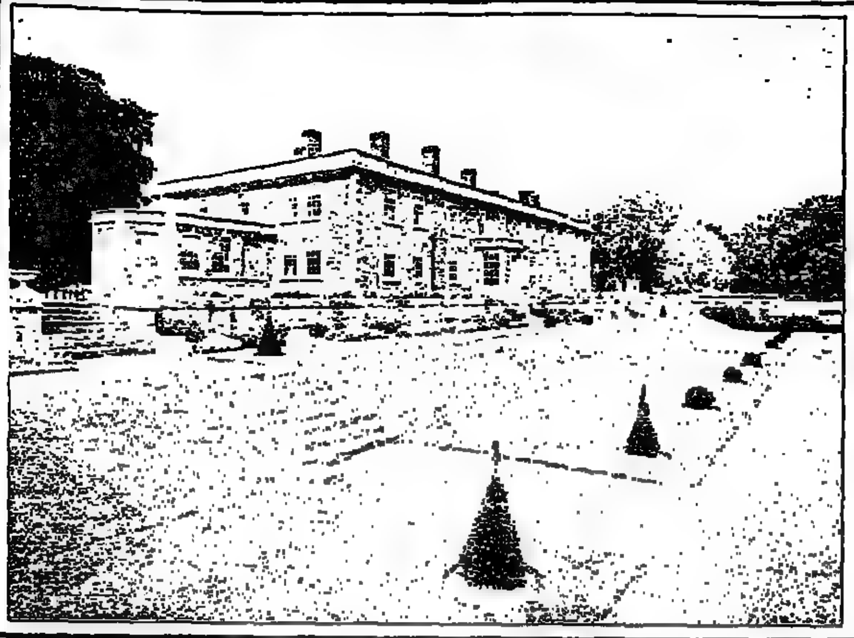

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St. Mawes. Truro 10 miles. Falmouth (by boat) 2 miles.

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3 reception rooms, 4 bedrooms, 2 bathrooms, dressing room. Self-contained annexe with 2 reception rooms, bedroom and bathroom. *Planning permission for conversion to provide 2 bedroom staff cottage.* Formal gardens. Heated swimming pool. 450 yards of private foreshore and funds to mid channel. Quay. Slipway. Paddocks and woodland.

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Joint Agents: Miller, Truro (0872) 74211
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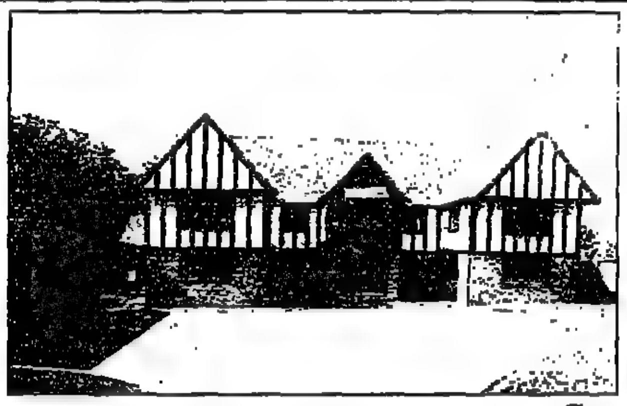

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Perth 15 miles. Edinburgh 58 miles.

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5 reception rooms *including superb drawing room, panelled library and* billiard room. 8 bedroom suites each with luxurious bathroom. Self-contained staff flat. Beautifully maintained garden and grounds including professionally designed *golf course. Heated swimming pool, all weather tennis court, croquet lawn,* rockery and water garden. 4 cottages. Barony title. 2 miles of salmon fishing on the River Tay. 1989 bag – 298 salmon.

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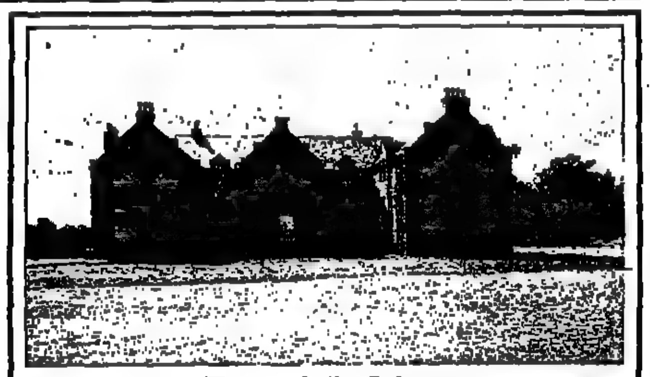

Berwickshire

Berwick-upon-Tweed 11 miles. Edinburgh 48 miles.

A superb late Georgian house in a beautiful setting with mature policies and fishing on the Whiteadder Water

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About 43 acres

As a whole or in 3 lots

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St. Andrews 7 miles. Edinburgh 52 miles.

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About 36 acres

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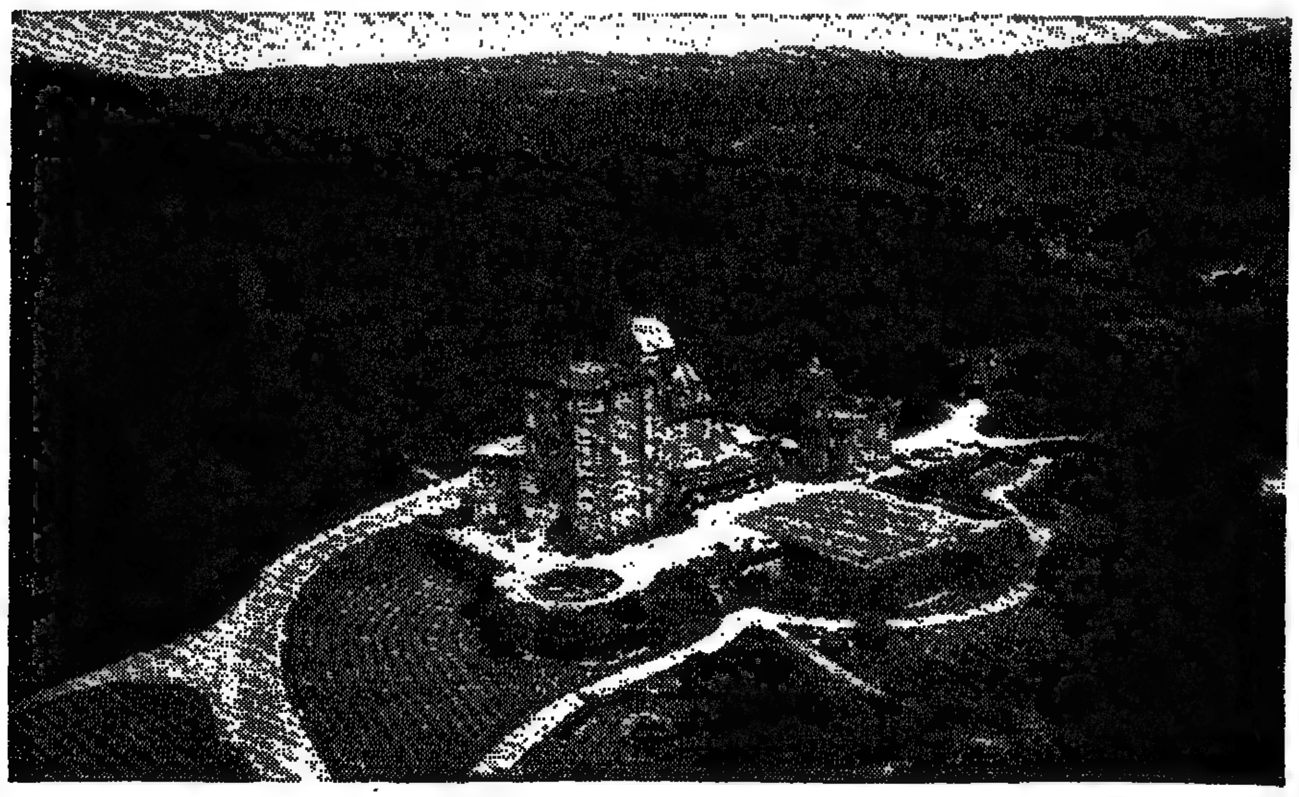

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PROPERTY

Eton faces playing-field Waterloo

***Michael Stourton** finds college and environmentalists pulling in different directions on rowing plans course*

THE FIERCE opposition to a recent planning application to extract sand and gravel from land dangerously close to the celebrated gardens and monuments of Stowe in north Buckinghamshire may soon be echoed in the south of the county. Another of England's leading public schools is closely involved. Once again, large scale quarrying of gravel is proposed. Wide concern over the environmental threat could well lead to a public enquiry.

The site of this venture is at Dorney, on the river Thames. The land, owned by Eton College, is agricultural. The general intention of the College is to extract about 3¼m tons of gravel before constructing on the site an eight-lane rowing lake or "rowing course." The lake or course would be approximately 2,300 metres in length and, to include a return lane, approximately 200 metres wide; an area of about 114 acres. No formal planning application has been submitted. An informal approach has, however, been made by Eton College to the area planning officer of the South Buckinghamshire District Council. The College expects to make its formal application during this summer.

This land is a central part of one of the last stretches of unspoilt riverside country in south Buckinghamshire. The site, which is within the Green Belt and designated by the planners as an area of attractive landscape, includes the evocatively named Thames Big Field. It is bounded on the south west by the gently curving river Thames. To the north east is Dorney Reach. To the north, Dorney Court, a Tudor manor house open to the public, and Dorney village. To the east the open grassland of Dorney Common, while to the south east lies the hamlet of Boveney with its Norman church. The whole forms an exquisite microcosm of Thames countryside that thankfully has so far escaped the relentless surge of urban expansion; particularly that of Slough.

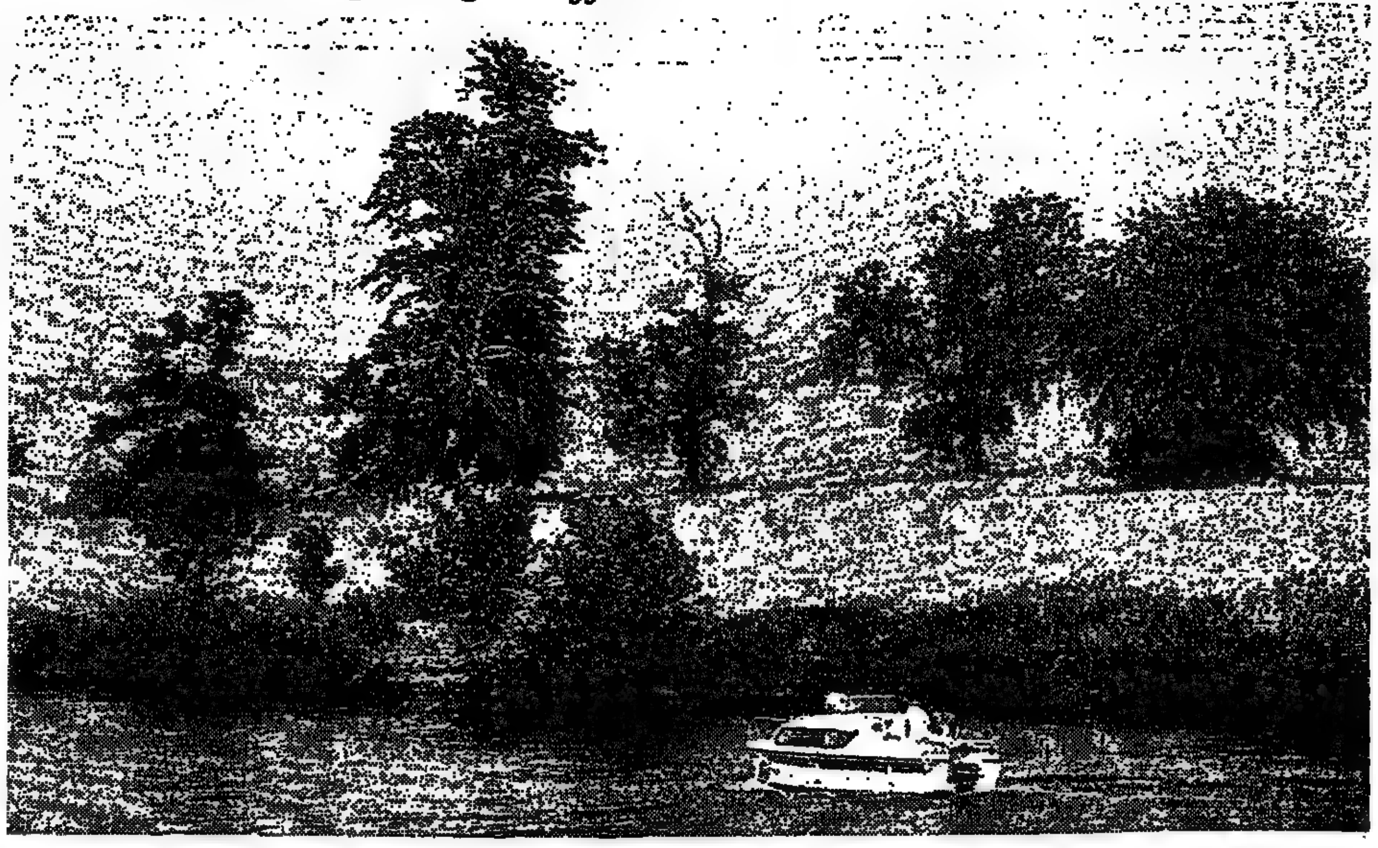
A pamphlet issued by Eton College makes clear its requirements. The provision of hazard-free rowing facilities in the summer, away from the increasing numbers of leisure craft on the Thames. To provide predictable rowing conditions throughout the winter months; especially for the college's top crews with their demanding training programmes. Admirably, it intends to make the rowing lake available to local schools and clubs and to national squads; to run summer instructional courses for boys and girls from all over Britain and generally to encourage young rowers and strengthen the sport nationally. No-one could possibly quarrel with these aims. They offer, as the heading of the pamphlet proclaims, "a fine prospect for junior rowers."

This development would be on a massive scale; so much so that by Eton's own reckoning the project will take about eight years to complete; though some of the course would be usable within four years. About half the gravel would be removed by means of a tunnel under the Thames. The remainder would be carried away in lorries on a road to be constructed for the purpose.

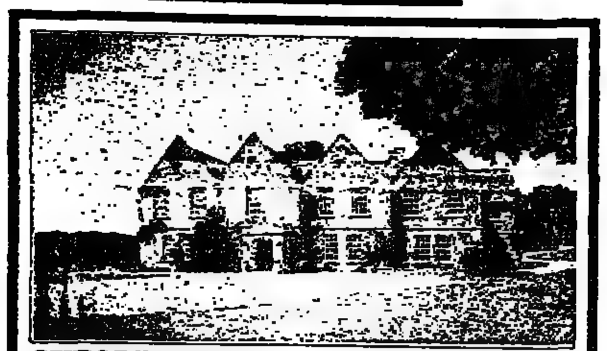
The very heart of this tranquil area would be torn out. A complete transformation would be inevitable. Many will undoubtedly wonder if the price to be paid, in terms of environmental loss, would be too high.

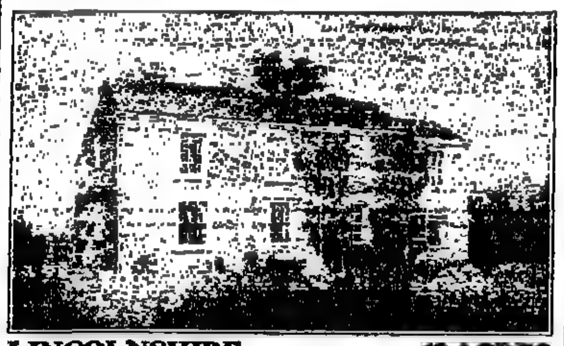
Eton's pamphlet mentions, as added advantages, the "substantial environmental improvements" that are planned: tree-planting, a country park and a nature reserve between the lake and the river. Silvan vistas and nature reserves spring only too readily to the minds of planning consultants and PR folk; the stuff of plausible artists' impressions. Nature, reserved or otherwise, is going to be singularly scarce after eight years of mechanical onslaught.

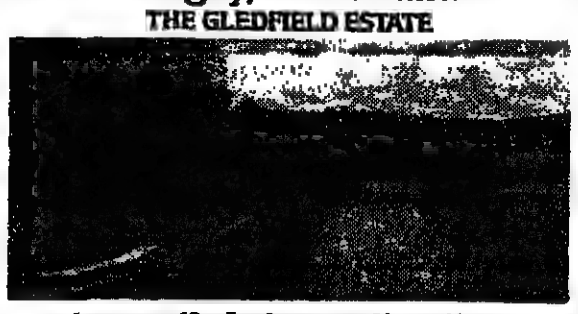
Is there perhaps an alternative? Anyone who has flown into Heathrow will be aware of the seemingly endless square miles of blighted land, worked-out gravel pits especially, lying to the west of London. Does this not offer the possibility of finding, within easy bussing-distance of Eton, a less sensitive site for a rowing course, or indeed for a rowing centre? Great are the talents and achievements of Eton College, developed, as we have seen lately, over five and a half centuries. Great enough, surely, to overcome the undoubted difficulties in finding and acquiring an alternative site that would present as fine a prospect for young rowers, yet would spare peaceful Dorney from the violation that is threatened.

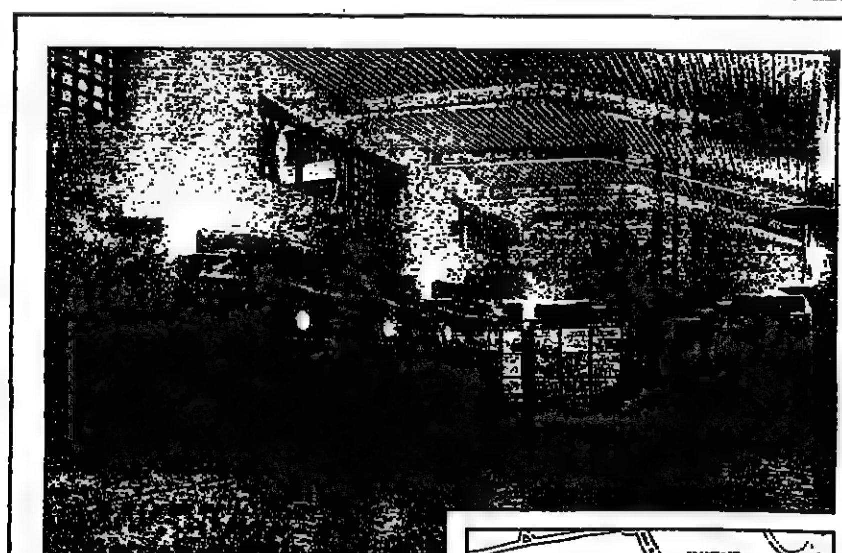


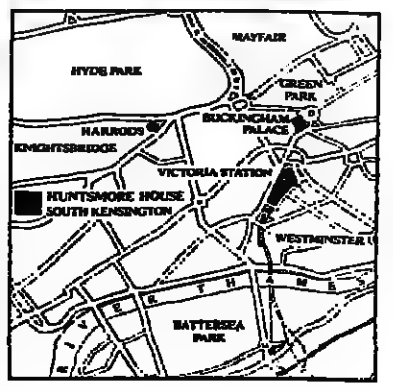
Under threat: A view of the Thames (above) and Thames Big Field beyond, part of the Green Belt designated an area of attractive landscape, on which Eton College plan to build a rowing course. Dorney Village (right) which faces disturbance from gravel extraction during the eight years it would take to build the course.

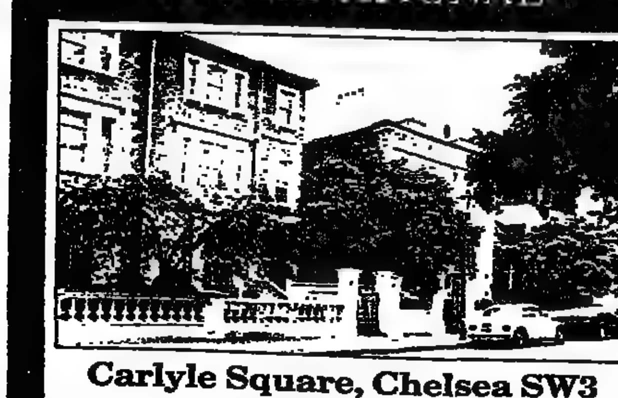












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All quiet on the Spanish front

***Audrey Powell** says its a buyer's market on the Costa del Sol as the British move out*

"THE IBERIAN peninsular of Spain and Portugal is experiencing probably its hardest times for 12 years," says a recently published property newsletter.

But would everyone agree? How do those involved in Spain's second homes market – so long dominated by the British buyer – really find conditions today?

"Quiet," said an international estate agent, "desperately quiet."

"The Costa del Sol is having a bad time," admitted the representative of a development company, "Spain is expensive now." Some estate agencies have been merging as sales fall; others disappearing altogether.

A quality development on that coast, which would have sold in months in the mid-80s, was still offering the remains of phase one two years after its launch. The company refuses to resort to gimmicks to attract sales, though a spokesman said "with your cheque book open and pen raised, you could probably squeeze some benefits from us."

Prudential International Property, looking at the situation in the first issue of its quarterly newsletter, says that though the overseas housing sector was not immediately affected by the downturn of the British market, it was inevitable that this would, sooner or later, leave its mark. "Sure enough this has happened and most honest agents and developers would admit that turnover levels are probably no more than 50 per cent of the boom years of 1987 and 1988."

The traditionally strong retirement market had been affected by the difficulty people found in selling their homes in Britain to raise the capital, while the holiday home market, which had been increasing over the last four or five years, has been hit by rising interest rates "affecting both purchasing power and, importantly, nerves."

The developers' misfortune was, of course, good news for the buyer who had finance available. No one could deny that it was currently a buyer's market anywhere along the Costa del Sol and the Costa Blanca.

This is not to say that enormous price reductions have been in evidence. Indeed, some brave souls continue to implement their six-monthly price rises. Even so, developers and individual sellers were prepared to be considerably more flexible in payment terms and exchange rates, and to include various extras not normally available.

But if you think this is the whole Spanish story, you would be wrong, it seems. Taking a totally different view is British and international estate agency Knight Frank & Rutley, which has just opened its first residential office outside the UK – and chosen to do so on the Costa del Sol.

Barbara Wood, from the firm's London office, moved to Spain to supervise the setting up of the branch. She is irritated by what she sees as the blinkered attitude of many British agents to the market in Spain.

KFR had been looking for an opportunity to open a residential office in Europe, which it hopes will be the first of many, she says. It has 50 offices around the world, but these, including one in Madrid, are all commercial.

When the chance arose at Guadalmina, on the Costa del Sol, the firm took it, having no time for the feeling among UK agents that if the British were not buying, the bottom must have dropped out of the market. "The British are not buying – but everybody else is," says Wood. Three deals had taken place in the area in the last few weeks, worth £2m – two buyers were Spanish and one British.

Staff at KFR's new office were all bilingual, said Wood. She herself had lived on that coast and gained her Spanish experience in the 80s, when the British bought eight out of ten properties sold.

"I should not think they account for more than 30 per cent of the market now," she said, but those buying were looking at the top end. "I have half a dozen people buying at £1m and more waiting."

The French were coming to buy along this coast. Americans were there as purchasers for the first time. There were lots of Italians and Scandinavians, all buying because currency restrictions were being removed.

Even as British agencies were closing and firms pulling out, there were some very smart offices being opened by developers and promoters – of other nationalities.

In some ways there could not be a better time to open in Spain she felt. With the Barcelona Olympics and the World Fair in Seville on the horizon, 30m people were going to be tramping over Andalucia.

Other firms will no doubt watch the situation with interest.

Meanwhile, an early offering from Knight Frank & Rutley Espana's office (at Centro Commercial, Guadalmina 29678, San Pedro (Malaga), 78 7001, or London, 071-629 8171) is El Oasis del Golf, an unusual house overlooking El Paraiso golf course, near San Pedro.

The property, which is being sold by a British family, has three reception rooms, four bedroom suites in the main building and three more in two guest houses. Fountains are a feature of the house and garden, and there is a swimming pool in the acre of grounds. Offers around £1.3m are sought.

Lure of rural rejects

French holiday home bargains exist – but at a price

THERE are so many faces of France. As the best property bargains along the north coast have been snapped up, people are looking further south. Plenty of summer holidays will have been combined with searching for that ruin with potential.

You can still find French properties at giveaway prices, but too often there are very good reasons for the low price.

In parts of the Charente and Vendée areas, above the Dordogne, you can pick up a cottage for £4,500 – stone walls and a roof – if you know where to look. But from then on its hard work or hard cash.

For £12,000, there are places with more possibilities and plenty of outbuildings. For £18,000 you can get something presentable, and for £25,000 a property with real character.

You drive into the entrance courtyard through a stone archway. An impressive approach – if the iron gates had some paint. The two-storey house with its curving stairway is of manageable size and would repay work on it. The vast barn could house a swimming pool – or make another house. Admittedly you could see light through the roof.

But if you push back the creaking shutters of a bedroom you look out on miles of flat agricultural land. It would be like living in the middle of Salisbury Plain.

There are plenty more rural rejects available in this district - all within a few miles of Villiers-Couture, near Nere, because that is where Raynal Geoffroy, the local estate agent, lives.

His own restored cottage has a fine stone fireplace and a picture window that perhaps does not conform, but makes the front room light and sunny, and shows what can be done.

Geoffroy is an associate of London estate agents Rutherfords, which can show serious intending buyers some of the properties on his books.

But before picking up the phone it would be wise to seriously think through such a purchase. Once you had fixed the place up, what would you do? The sea is an hour away; towns like Bordeaux two hours. There are acres of flat land as far as you can see. Too bad if you want a chat over the fence with a neighbour. In any case, people in this area seem far less English-speaking than in some parts of France.

Further north the country is prettier, with streams and mills, and more houses have been converted. (You can spot the ones worked on by Brits – all gleaming paintwork, none of that tired dusty look of the typical French rural home).

But back to the varied faces of France. Two more quite different ones can be found if you turn left, so to speak, and head for the island of Noirmoutier, south of the Loire estuary on the Vendean coast. Since 1971 this oddly-shaped island has been joined to the mainland by a bridge. How its life must have changed. In the spring you can still have its 53 miles of beaches to yourself. August is a different story.

But if you bought a property there you could enjoy the quiet seasons and let it make money for you when the Paris summer exodus begins. A local builder produces single-storey cottages in short terraces, making for easily managed holiday homes. Groups of them are to be found around the island, selling from about £30,000.

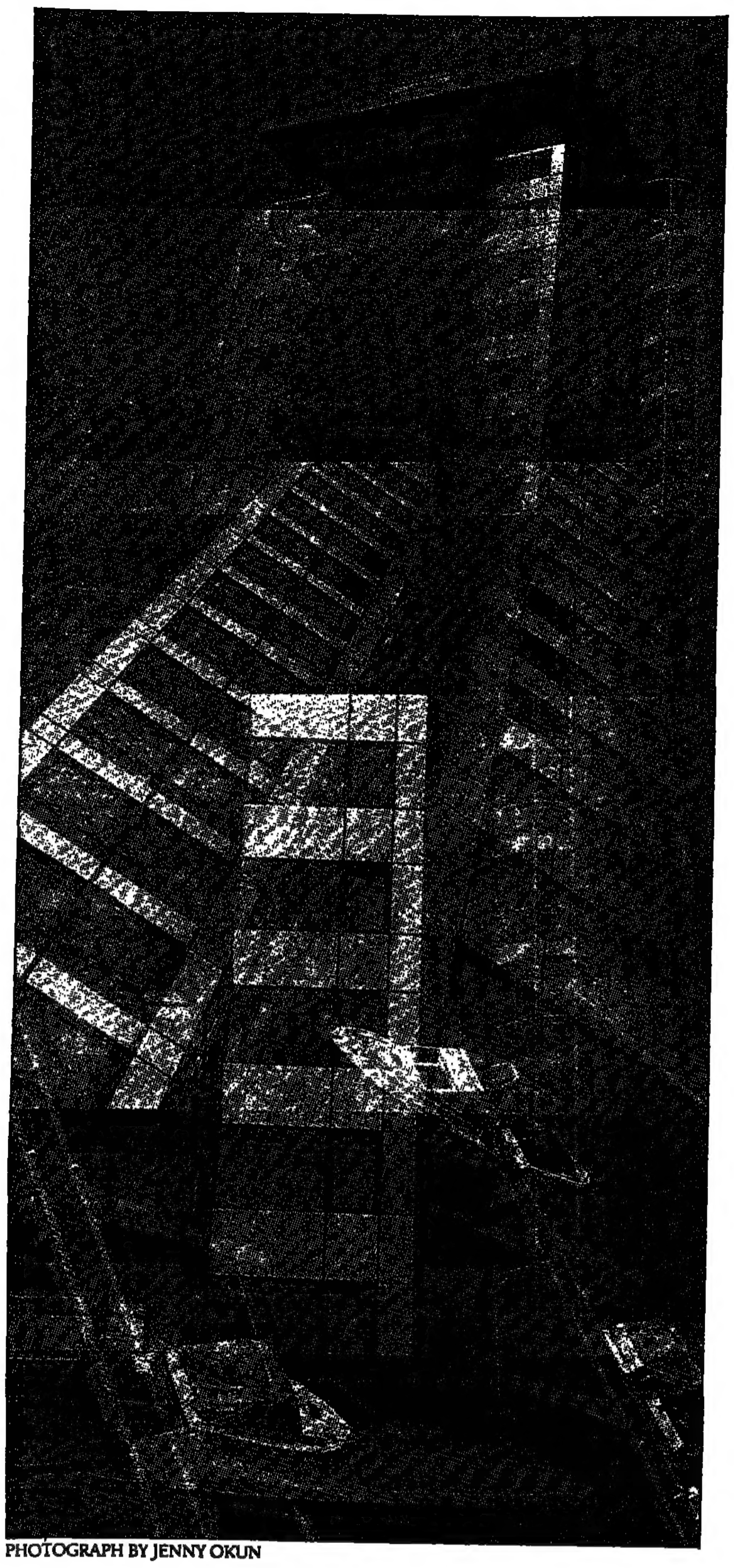
The other leading choice of a holiday place here would be a Pierre & Vacances leaseback in a large complex. Some of the bright, smartly furnished little properties have balconies looking onto a lake. There are restaurants, sailing and swimming pool. This is for family holidays, not for jetsetters.

You buy a property and lease it back for 11 years. The guaranteed rental helps to pay the mortgage and there are various discounts. So for a flat worth £50,000 you pay £35,000. During the lease period, the owner has the flat for six weeks a year.

All details from Rutherfords (071-351 4454).

A.P

Investment potential: This £25,000 rural property includes a barn and outbuildings



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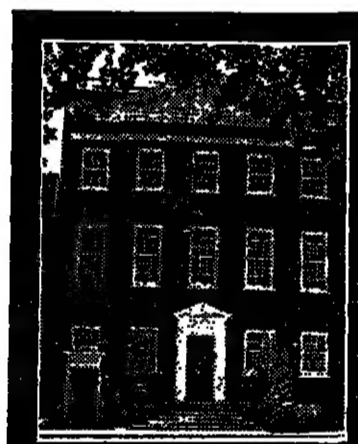

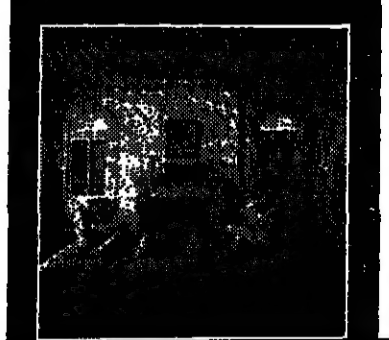

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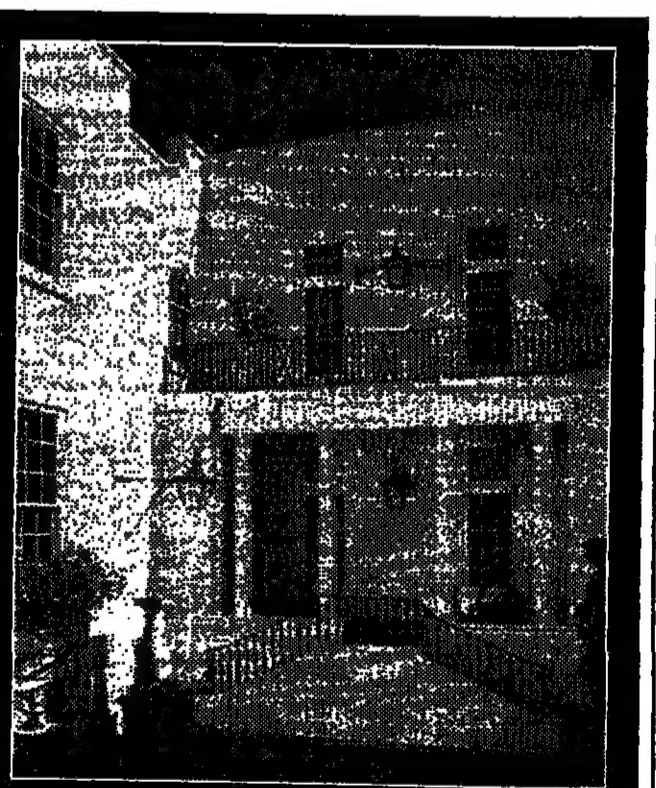

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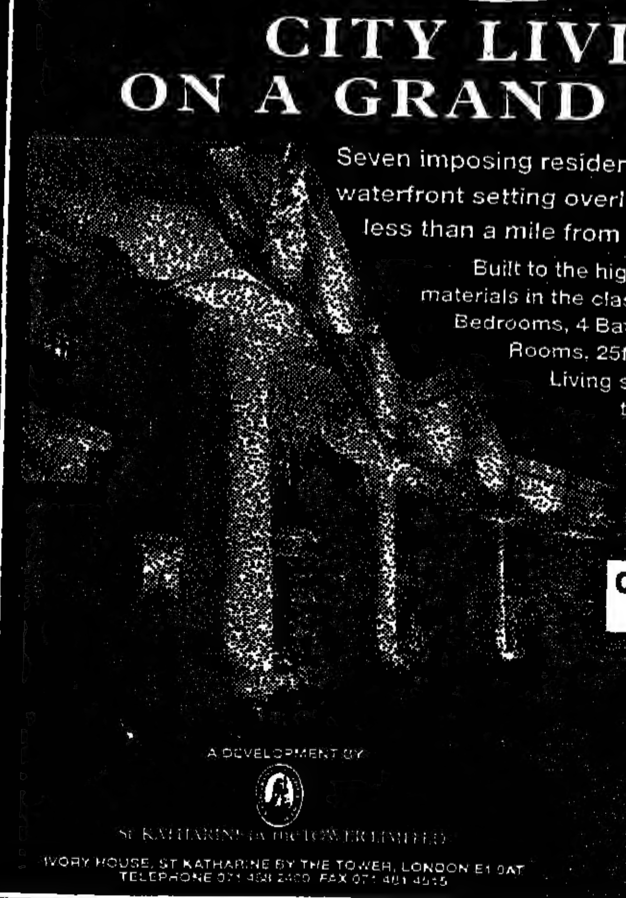

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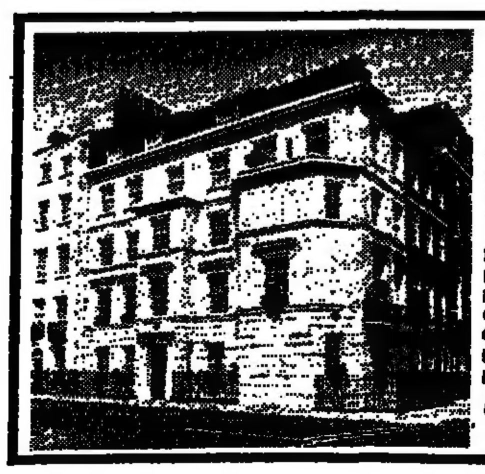

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